CREDIT AND

FINANCIAL MANAGEMENT

JANUARY 1960

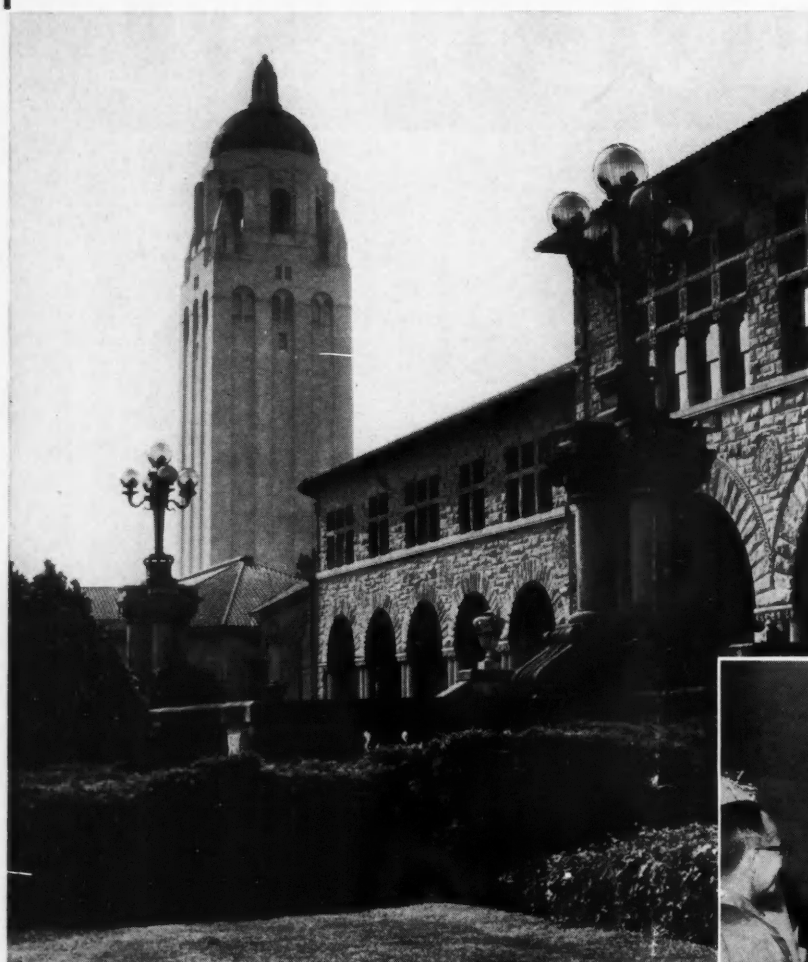
NUMBER 1

VOLUME 62

Year Ahead Will Test Ingenuity of Management, Analysts Tell CFM

Wholesale Price Index 120.5 July 1; Production at 137, Forecasts Average

The Cover Picture See Page 5



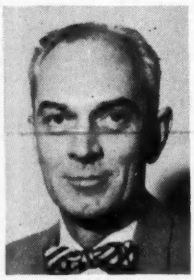
Why a Creditor?

The question "Why Was I a Creditor?" introduced case history articles by credit executives in a symposium in Credit and Financial Management. Readers are invited to contribute articles telling how they became creditors.—Ed.

Too Anxious for Sales Volume; See Warning Signs Too Late

By T. O. GULLINGSRUD, *Field Credit Manager, New Holland Machine Company, New Holland, Pa.*

THE story of credit losses (mistakes) is as old as credit itself. Untold volumes have been written on the subject but losses are still sustained in spite of the old adage, "Those who make no mistakes do nothing" or, more currently, "The worst mistake a credit executive can make is to make no mistakes."



T. O. GULLINGSRUD

While we would like to hurriedly skip over the usual gruesome financial details of a problem account going "sour," nevertheless we should make several observations here for the benefit of the unwary or inexperienced.

Let's see what happens to a credit executive while he is "learning by making mistakes."

The subject in this discussion first became a franchised farm implement dealer in 1953. Franchised dealers are generally extended large sums of credit on a floor-plan basis, with credit terms up to 24 months or upon resale to the retail trade, whichever occurs first. Normally, the retail sale is financed by a bank or other finance organization up to three years.

Tried to Finance Own Sales

In the latter part of the following year, it was discovered that the account was attempting to finance its own retail sales of farm equipment and had accumulated retail contracts totaling $77,000, thereby reducing available working capital according-

(Concluded on page 24)

EDITORIAL

CREDIT RESOLUTION FOR 1960

IN EVERY sound evaluation of commerce and industry, domestic or international, the importance of adequate credit is emphasized. We are truly living in an age of credit. Our national progress is dependent on it. Success in business is influenced by it. The standard of living of the individual is bettered by it.

Unfortunately, too many men who assume leadership have a fundamentally erroneous concept of credit. Too many believe it is something that can be legislated or distributed at will. Inquiry into the qualifications or worthiness of those who seek to have their credit accepted is too seldom given proper and complete consideration.

In the strictest sense of the term, no one can give credit. He can and does accept credit in exchange for money, merchandise or services. Credit is something you either have or possess the qualifications to be entrusted with. It is the greatest asset in your balance sheet. Whether you make it productive depends upon proper use of it.

When the acceptance of credit is predicated on sound evaluation of your character, your credit performance, your capacity, your capital and the conditions of the times, then such acceptance is in most instances a real contribution to the progress of your business, the nation or the individual.

Credit is too frequently employed improperly, and credit in the wrong hands can be as dangerous as a space missile. Credit is a potent, dynamic force. It can build or wreck nations. It can win or lose wars. It can create or destroy a people's standard of living. Its possibilities are infinite, but it must be controlled with care and skill.

A worthy resolution of credit executives for 1960 might well be to pledge to do all in their power to evaluate their acceptance of credit on a sound basis.

Such a resolution is not only businesslike but it is business statesmanship of the highest order.

May you enjoy the blessings of health, success and abundance, and sound credit throughout 1960.

Edwin B. Moran

EXECUTIVE VICE PRESIDENT

THE JANUARY COVER

THE PLIGHT of a debtor in a financial bind and the problems faced by his attorneys and creditors are depicted in a play, "The Voice of the Gavel," performed at the Pacific Southwest Credit Conference in Los Angeles.

Because lawyers, while generally familiar with proceedings in the bankruptcy court, have relatively little opportunity to observe or participate in out-of-court arrangements, Herbert Sturdy of the Los Angeles Bar, chairman of the Corporation, Banking and Business Law Section of the American Bar Association, had suggested the writing of a play to provide practicable demonstration of procedure.

The outcome was "The Voice of the Gavel," written by Jack Stutman of the Los Angeles Bar and presented at that association's annual convention in 1958. So enthusiastic had been its reception that permission to reproduce the play was requested by many credit groups, among them the program committee of the Pacific Southwest Conference.

Participating in this Los Angeles presentation were distinguished members of the Bench, Bar and Credit professions. Several of them are shown in the front cover picture. Seated (l to r) are Mr. Stutman, the author; Mayor Norris M. Poulson of Los Angeles; Benno M. Brink, senior referee in bankruptcy, Southern District of California, Central Division. Standing are Lee J. Fortner, executive vice president Credit Managers Association of Southern California, executive producer; Jerry Nemer, member State Bar of California, and M. F. Miller, division credit manager Foremost-Golden State Dairies, association president.

Special material for the play in its original presentation had been contributed by Francis F. Quittner and Hubert F. Laugharn, both of the Los Angeles Bar. Warren Duff had edited the script and directed the performance. H. Keith Weeks managed the staging and Mr. Sturdy helped supervise.

The play concerns the predicament of an insolvent manufacturing firm "which got in with the Government." Also analyzed are the relationship of debtor and credit — psychological, economic, social, legal —, the routes available to an insolvent debtor, the initial interview with his counsel, then the out-of-court meeting with creditors, the Chapter XI court proceeding, and the solution.

FINANCIAL MANAGEMENT

General Manager, Edwin B. Moran
Official Publication of The National Association of Credit Management

VOLUME 62 **NUMBER 1**

IN THIS ISSUE

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Send copy and plates to 229 Park Av. So., New York 3.

Chicago, Ill.—Russell Smith, 205 West Wacker Drive, Chicago 6. Phone: DEarborn 2-5091.

New York, N. Y.—Irving Mallon, 270 Madison Ave., New York 16, N. Y. Phone: MUrray Hill 9-0700.

Published monthly on the 20th of month preceding date of issue by the National Association of Credit Management, 3rd St. and Hunting Park Ave., Philadelphia 40, Pa.

Second class postage paid at Philadelphia, Pa.

Subscription price $3.00 a year, 25¢ per copy; Canada, $3.50; all other countries, $4.00 postpaid.

Editorial, Advertising and Executive Offices: 229 Park Av. So., New York 3, N.Y. ORegon 4-5100, Midwest Office: 33 So. Clark St., Chicago 3, Ill. ANdover 3-3096.

(Address all editorial and advertising material to the New York Office.)

Publication Office:
3rd St. and Hunting Park Ave., Philadelphia

Washington

℃ CONGRESS reconvenes January 6th. Bankruptcy bills which already have passed the House, or Senate, or both, and will be up for immediate consideration, include the following:

One is H. R. 5747 to strengthen the Criminal Code provisions against concealment of assets in contemplation of bankruptcy. This bill passed the House in May and the Senate in September, but when voted upon in the Senate was amended to include a minor technical provision concerning the qualifications of probation officers. This was enough to block further action before adjournment. This bill would prohibit potential bankrupts, as well as their agents or officers, from concealing assets prior to the appointment of a receiver or a trustee. Under present law it must be proved that the assets were concealed by a bankrupt after such appointment. Changes made on the Senate floor must now go back to the House for approval before the bill can become law.

Tax Priority Bill up to Senate

The tax priority bill, H. R. 2236, which passed the House last August, has been referred to the Senate. As passed by the House, it would limit the priority and nondischargeability of unsecured tax claims to those claims which have become legally due and owing within three years preceding the bankruptcy. Under present law there is no limitation on such priorities. Efforts are being made by the National Association of Credit Management to strengthen the bill by narrowing the proposed three-year limitation to a one-year limitation.

Another House-passed bill, H. R. 4150, would amend the Bankruptcy Act so as to authorize the bankruptcy court to determine whether or not provable debts are dischargeable. Under present law, bankruptcy courts have no jurisdiction to determine the effect of a discharge upon a particular debt or a bankrupt's right to that discharge. This bill would give the court such additional authority on application of both the creditor and the bankrupt in those cases. The creditor, however, would still have the right to sue a bankrupt on an alleged nondischargeable debt in a state court proceeding.

Use of False Financial Statements

Pending before the Senate is the House-passed bill, H. R. 4346. This would limit the use of a false financial statement as grounds for denying discharge of an individual bankrupt by barring discharge for only such debts as arise from the bankrupt's use of that false statement. Other debts would be dischargeable. Present law would not be changed with respect to business bankruptcies under which false financial statements are grounds for barring discharge from all debts.

Another House-passed bill, H. R. 6556, would limit to within the ten-day period following the entry of a referee's orders any request for an extension of time for filing a petition for review. This would clarify existing uncertainty regarding time for review of a referee's orders.

Also before the Senate will be H. R. 6889 to eliminate the present requirement of the Bankruptcy Act that proof of claims must be made "under oath." It would also amend the Criminal Code so that a creditor would be subject to prosecution for "knowingly and fraudulently" presenting a false claim, even though he is *not* under oath.

Time of Filing of Claims

The Senate is scheduled to consider H. R. 7233 to amend Chapter XIII (wage earners' plans) of the Bankruptcy Act so as to require the filing of creditor's claims within six months after the first date set for the first meeting of creditors — the same as now provided for in straight bankruptcy proceedings. It would also limit the notice of the first meeting of creditors to within ten days after the filing of the petition and limit the time for that meeting to at least ten days, but not more than thirty days, from the date on which the notice was sent.

House-passed H. R. 7242 is designed to clarify uncertainties arising from such court decisions as the *Quaker City Uniform case* by restoring chattel mortgages, conditional sales contracts, factor's liens, trust receipts and other types of contractual liens to their original order of priority above administrative expenses, wage claims and landlord's liens. It would also limit the power of trustees to invalidate contractual liens which remain imperfected at any time prior to bankruptcy, but would specify the trustee as a "judgment creditor" as against any unrecorded federal tax liens.

Also up before the Senate is H. R. 8708 to amend the Bankruptcy Act to give the court authority on its own motion to re-examine attorney fees paid or to be paid in a bankruptcy proceeding. Under present law a trustee or creditors can ask the court to examine the reasonable-

ness of attorneys' fees. In practice, however, lawyers are reluctant to challenge fees charged by their colleagues. The proposed change would, therefore, strengthen the power of the court to review the reasonableness of attorneys' fees on its own initiative.

A bill passed by the Senate and now pending before the House is S. 2052 to increase the closing fee of a trustee in bankruptcy to $10 from $5, and to increase to $120 from $100 the fee for the filing of a petition in corporate reorganization proceedings where no bankruptcy proceeding is pending. It would also increase the amount of the fee distributed by the clerk to $50 from $30.

Robert L. Roper

OFFICIAL TEXTS — of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25, D.C.

¶ THE ODDS are now against a balanced Federal budget for the current fiscal year and the steel strike is the culprit, says Maurice H. Stans, budget director. A deficit of $600 millions is estimated by some Government analysts, Mr. Stans told newsmen at Augusta, Ga., following a conference with President Eisenhower.

Because of "built-in increases of a couple of billion dollars," Mr. Stans indicated a record peacetime budget of $81 billions for the 1961 fiscal year. (The current year's spending level approximates $79 billions.) The "built-in increases" were taken to mean the higher cost of Federal debt management under higher interest rates and recurring expenditures voted by Congress, such as for the housing and highway programs.

World Steel Output Drops

The steel strike was also blamed for the decline of world steel production in the first nine months of 1959 to an annual rate of 317 million tons. The annual rate in the first half of the year was 346 million tons, says the department of commerce. Higher output abroad was not expected to offset in entirety the production loss laid to the strike, and for all of 1959 the total would fall short of the 316-million-ton record of 1957. A record year was predicted for Canada, West Germany, France, the Benelux countries, Russia and Japan.

Steel output in the United States the first nine months was 72,480,000 tons compared with 59,069,000 in the period in 1958.

Steel was also the target of a Congressional staff report which asserted that its rising price in recent years has had a "strongly inflationary" impact on the national economy.

The increase was attributed to the strength of the United Steel Workers of America, the market power and financing practices of steel companies, Federal Government intervention in labor-management bargaining, and growing cost of equipment for production.

The joint economic committee of Congress, which made the report, also in a separate study decided that "inflation" of machinery prices was due to demand outpacing supply.

The steel conclusions clashed with a theory that general price levels are affected little by steel prices. They also challenged theories that a single specific factor pushes steel prices upward.

¶ ADDRESSING stockholders of the Federal Reserve Bank of Boston, Julian B. Baird, undersecretary for monetary affairs, said the U.S. Treasury would like to do $20 billions of "advance refunding" in the next two or three years but that would not be possible under current market conditions, until Congress removes the 4¼ per cent interest ceiling on Government bonds. He indicated that were there a general decline in interest rates the new device might possibly be put into effect.

Under the plan, the Treasury would offer holders of older Government bonds approaching maturity the right to take a new long-term bond with a higher interest rate. The objectives would be a stretching out of the national debt and relief from the "serious congestion" in one-to-five-year maturities.

¶ LESTER B. PEARSON, leader of the opposition Liberal Party in the House of Commons, said Canada's trade deficit is being financed on a very unstable basis.

Declaring that "imported capital is being used more and more to finance imports and public expenditure", Mr. Pearson told an International Business Systems Conference in Toronto that "declining importance of long-term capital in the form of new production facilities means that our increasing indebtedness will not be accompanied, as in the recent past, by corresponding reduction in imports or increase in exports.

"Short-term capital movements of this kind are of a highly volatile character."

¶ THE natural gas industry should lead in drafting workable Federal legislation, but it should at the same time protect consumers' interests, Fred A. Seaton, secretary of the interior, told delegates to the American Gas Association convention in Chicago.

¶ SMALL COMPANIES received 73,415 prime Government contracts valued at $2.847 billions from August 1953 through August 1959.

Year Ahead Will Tes

Relatively High Level Activity Seen in First Half at Least

THE YEAR 1960 will show a relatively high level of business activity for at least the first half, and earnings of most large companies for the year as a whole will probably equal or slightly exceed those for 1959, in the opinion of most but not all of the leading executives, economists and educators in a sampling of various fields by *Credit and Financial Management Magazine.*

Timing and degree of the forward movement, all agree, are contingent on early settlement of the major industrial differences. One company president explains that by "settlement" he means "a mutually satisfactory and acceptable working agreement as a result of labor and management negotiations, rather than one of legal processes".

The coming 12 months, executives emphasize, will test the ingenuity of management, will call for special attentions to increasing production, holding down expenses, and skillful use of the imagination.

Relatively High Level Activity First Six Months at Least

GEORGE W. COLEMAN
Economist
Mercantile Trust Company
St. Louis, Missouri

STATISTICS DO NOT give the complete picture of the state of business and industry. The prolonged steel strike almost certainly will have future implications. Incredible as it is that a steel strike could last so long, it is equally amazing that the impact of it has been felt less by the economy than it would have been two or three decades ago. It is possible to overstress the significance of a labor dispute in trying to forecast industrial activity. The future of business activity hinges upon many factors which are more basic than industrial disputes.

A second factor is the level of interest rates. The demand for money can only be described as spectacular. The Government has been compelled to borrow to finance its deficit. Corporations have been heavy borrowers. The municipalities have sought money, and, of course, individuals have borrowed money not only to buy homes but to buy consumers' goods. Commercial bank loans have risen sharply not only to finance seasonal needs but also to carry the heavy inventories of steel and other goods. The demand for funds, to borrow an old economic law, has outrun the supply; consequently, the price is advancing. Interest rates are higher.

To some extent the monetary authorities could have alleviated some of the pressure, especially on the short-term market, by taking appropriate actions. That they did not do so is attributable to the fact that they believe that the inflationary pressures had to be restrained. Consequently, they supplied funds to finance the in-

(Continued on page 12)

Outlook Less Than Rosy Under Retard of Capital Expansion

DR. W. A. PATON
Visiting Professor of Accounting
Graduate School of Business
University of Chicago
Chicago, Illinois

IT'S DIFFICULT to find a basis for great optimism as to business prospects for 1960. The prolonged steel strike, by no means settled by the injunction requiring reopening of the mills for a limited period, will be a retarding influence on production for at least two or three months. To an extent that many people often seem to forget, the American economy is founded on steel. The serious impact of the steel shortage on the automobile business and rail shipments has been apparent for some time, but the effect on road building, business and residential construction, plant maintenance, manufacture of tools and equipment, and many other activities, although less acute to date, will be increasingly felt in the months ahead. Current and prospective labor difficulties in copper production and other important areas, one might add, can hardly afford comfort to those who are bullishly inclined.

There are also more basic problems confronting us that call for conservatism in appraising the outlook. Our Pollyanna economists (and the woods are full of them) always point to our rapidly growing population as a major reason for the view that we are on the eve of a tremendous expansion of output and higher living standards.

Actually, the bumper baby crop is nothing to crow about so far as prospective per-capita output of goods and services is concerned. With a marked increase in the nonproducing population at both ends of the age

(Concluded on page 30)

Management Ingenuity

A Good Year But Not a Boom; Slow Start in First Half

W. R. THOMAS
Vice President
Cutter Laboratories
Berkeley, California

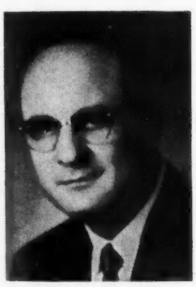
ONE OF the big question marks for 1960 is the steel strike. Assuming that this is settled relatively early in the first quarter of 1960, I believe that 1960 should be a good business year, but one that will probably get off to a slow start during the first half.

My guess is that while housing may be at a good level, it will not meet some of the highs of recent years due to the tight money market.

A prolonged rail strike or other major labor dispute could, of course, slow things up tremendously.

All in all, I would look for a good year, but not a boom one.

Year to Hold Down Expenses, Build Product, Use Imagination



AARON P. LEVINSON
President
The Levinson Steel Company
Pittsburgh, Pennsylvania

ANY BUSINESS prediction for 1960 must necessarily be colored by the effects of the steel strike upon our economy. This is another way of saying that I expect 1960 to be a peculiar business year, because much of its activity will include a carry-over from 1959.

Because of what was *not* produced during '59, I expect 1960 to show inflated figures, chiefly in steel, automobiles, construction and appliances.

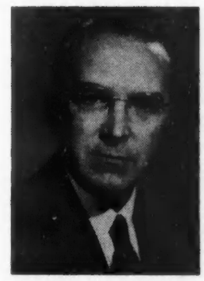
In general, I expect all steel to be short during the first months of 1960, with cold rolled sheets shorter than most, and structural and plate shortages severe in the first quarter and part of the second. About the only easy items will be wire, standard pipe, and oil country goods.

I look for a new peak in capital expenditures, the major portion of which will undoubtedly be on cost-cutting equipment. Any big increase in new plant and equipment expenditures, however, is at least a year away, I believe.

As far as Levinson Steel's operation is concerned, we look for a substantial year-round demand for most commodities—if we can get steel.

Generally speaking, 1960 will be a year to hold down expenses, increase production, and use more imagination to meet competition.

Very Favorable in First Half, Gradual Advance Thereafter



ARTHUR F. BOETTCHER
Senior Vice President
The Boatmen's National Bank
of St. Louis
St. Louis, Missouri

THE HISTORY of the past year will emphasize particularly the effect of the prolonged steel strike on business and on the economy in general. The steel strike reached a critical stage in late October, when heavy inventories at the start began to dwindle and work stoppages in other fields began to develop on an accelerated basis. The expansion of the aggregate economic activity was interrupted and all the measures of volume of business showed declines during the third quarter of the year. Reduction in inventories was one of the major influences on the economy, and apart from this the biggest downward change involved Government spending for goods and services.

The general economy withstood the labor disturbances and related consequences in an excellent manner. Retail sales held up well and personal spending continued at a good rate.

However, the nation cannot have the losses in wages, profits and disruption of business as experienced during the strike period without some unfavorable consequences. Even though the walkout in steel was halted by the 80-day injunction, so little remains of 1959 at the time this is written (latter part of November) that developments can alter this year's showing very little. On the whole, the year will be recorded as very favorable in the first half and fair in the last half, with the steel strike as the governing factor.

The economy is in good shape and the general view is that business as a whole will resume expansion, and that the strike effects will be to postpone until 1960 and to prolong the expanding movement of the economy. Inventories of steel, automobiles and many other types of goods will need to be rebuilt. The full force of recovery will not be felt until early in 1960. People are optimistic about present income and the assurance

of future income; retail trade prospects for early 1960 are good, and manufacturers and wholesalers should share in this. There is less price resistance and people are buying better things—the consumer goods boom is still with us. While the money situation will cause some decline in residential building and limit gains in total construction to nominal proportions, if there is no prolonged railroad strike or other major labor disturbance, the greater part of gain from the depressed levels occasioned by the steel strike should be shown in the early months of 1960, with gradual advance thereafter.

As usual the economy must be consistently watched for changes in the thinking and the psychology of the general public, for these exert the overall influence which affects business in the long run.

A Nominal Sales Increase for Company after Record Year

FRANK W. JENKS
President
International Harvester Company
Chicago, Illinois

OUR COMPANY's major activities fall into three different industries. In order to form a judgment as to the prospects for the company it is therefore necessary to make some estimate of the individual situations in these fields.

Looking ahead into 1960, the most promising prospect for improved results lies in our motor truck business. The state of general business is expected to be active, and motor truck sales are most influenced by this factor. Throughout 1959 the market has been strong, and we expect this condition to continue. Since 1959 was a good year, we do not expect a large increase in motor truck sales but we do expect an increase of moderate proportions.

The farm equipment market will be affected by two major factors—the anticipated decline in some important farm product prices which is forecast by governmental and other agencies; and the uncertainty as to what the government's farm policies may be. It is expected that farm income will be slightly below that of 1959. These circumstances would ordinarily indicate that sales possibilities will be somewhat lower in 1960. Our judgment is that we will do well to equal our 1959 sales, and we see nothing at this time which would make that goal unattainable.

In 1959 we enjoyed a good year in the construction equipment business. In the closing months of the calendar year there was the usual seasonal decline, and the letting of new contracts under the Federal Highway Program was at quite low levels. However, there were also favorable signs in other areas of the industry and we expect to benefit from the introduction of a number of new and improved products. Generally, we expect our construction equipment business to hold up reasonably well but we do not expect any substantial increase in sales.

Our foreign business, both exports from the United States and operations overseas, is an important element in our total activity. Business prospects in such nations as Germany, Great Britain, Australia and France appear to be good. In other areas, political and economic factors create uncertainty, as in much of Latin America and some countries in the Near East or the Pacific. In total, we expect our foreign business to show a slight improvement in 1960.

All these comments necessarily depend on the assumption that steel will be available in sufficient quantities to maintain production schedules.

Summing up, our judgment is that 1960 may produce a small increase in sales, but, since 1959 was the highest sales year in our history, if there is an increase it will be nominal.

We are also aware that upward pressure on costs will continue, both as a result of increased costs of many components we buy and as a result of increased labor costs which are inherent in existing contracts. These changes put severe pressure on existing margins of profit and make it probable that consideration will have to be given to general price action, when market and other factors become clearer.

Most Large Firms' Earnings May Equal or Slightly Top '59

BRYANT ESSICK
President
Essick Manufacturing Company
Los Angeles, California

THE BUSINESS situation at this writing is so uncertain because of the many conflicting forces now pressuring our economy, that I lack my normal assurance of being willing to even guess as to what 1960 is going to bring. So much hinges on whether or not the steel contract can be settled during the eighty-day interim. Although I am optimistic that a settlement will materialize, should it not, our economy could well be thrown into a downswing.

I believe there will be a heavy demand for most goods in the spring, but because of increased costs and competition, profits will be narrowed. I believe that industry will not have as heavy capital expenditures as has been true in recent years, because of the higher cost of money—which will not only affect capital expenditures but will also have a deterrent effect on both commercial and residential building. It is my belief that residential building will be at least 100,000 units under 1959.

I believe that prime money rates may go up another

½ per cent, but no higher, and probably will stabilize at not over ¼ per cent above the current rate.

I believe that, as a result of the steel strike, earnings for 1960 in the larger corporations will probably be adversely affected—although in most cases they may equal or slightly exceed 1959.

Trend Upward; Timing Depends Upon a Real Steel Settlement

CHARLES N. WURSTEISEN

President

Dameron-Pierson Company, Ltd.

New Orleans, Louisiana

THE BUSINESS cycle in the year 1960 should continue upward, but I think the timing depends upon the ultimate settlement of the steel strike and the impending strike of the railroad workers. By settlement, I mean a mutually satisfactory and acceptable working agreement as a result of labor and management negotiations, rather than one of legal processes.

A large segment of our economy is dependent on steel and the manufacture of its products, and a movement of these products depends largely on the railroads. These, then, are more or less controlling factors and must be considered in discerning the business picture for the year ahead.

Business prosperity in 1960 seems to be a certainty, but the longer the duration of the deadlock between labor and management in the steel negotiations and the longer it takes to overcome the disagreements which will surely be present in the anticipated railroad strike, the later in the year 1960 will come the upsurge of business which will surely follow the settlement of these difficulties.

In our business, the sale of furniture and office equipment is an accurate barometer of general conditions in the economy.

Then there is a definite change in the trend of buying. Businessmen today are furnishing their offices with as much care and attention as they do their homes, asking for the services of our designer and interior decorator, to be absolutely certain that harmonious colors are furnished in the rugs, draperies and upholstery material, and that the arrangement of the furniture and accessories is in good taste and has the professional touch. This, to me, is a clear indication that good business is anticipated in the months ahead. Presently, activities in the market further indicate that many businessmen are moving with caution but that they are preparing for the future by taking the proper action now.

The business picture for 1960 looks promising and I expect continued industrial growth, particularly in the South.

Could Be Very Satisfactory Under Artificial Stimulation

CARL V. CESERY

President

Jacksonville Tile Company

Jacksonville, Florida

THE business outlook for 1960, in my opinion, is very uncertain due to many fundamental factors such as the prolonged steel strike; tight money with interest rates continuing to mount; problems confronting American business and manufacturers due to not sufficient protective tariffs against foreign imports; continued rising labor costs and lack of proper desire on the part of labor to increase its production.

While we are at the present time in a sort of recession, the full impact has not reached the average business man or citizen. For instance, the full effect of the prolonged steel strike will not be felt in our economy until possibly the first three months of 1960. This could be mild or could prove very serious.

The fact that 1960 is a national election year will probably mean that the Administration and Congress will provide some artificial stimulation for business and the national economy. This could, of course, make 1960 business satisfactory even though it is not a true picture.

Many businesses and industries are pulling in their operations and tightening up on expenditures due to the above mentioned factors. However, with the artificial stimulus that Government could provide, 1960 could be a very satisfactory business year.

$75 Million Second Round of Expansion Mirrors Confidence

ROGER A. YODER

Vice President-Finance

Detroit Steel Corporation

Detroit, Michigan

WE VIEW the 1960 business picture optimistically, on the assumption that a genuine settlement of the steel strike will be achieved at an early date and other strikes now in progress or threatening are settled before they kill off the economy instead of retarding it temporarily. We believe these uncertainties will clear up before anything like business paralysis sets in.

Our outlook is based largely on what our customers

tell us, and they represent a good cross section of industry. Their products and services include automobiles, trucks, home appliances, business machines and equipment, electrical devices, hardware, construction of buildings, roads and drainage systems, tubular products for the distribution of oil and gas, power transmission cable, playground products, agricultural machinery and equipment, and other products.

Unless the managements in all these industries are significantly wrong in their market appraisals, there is a sustained and rising demand for their products generally. So far, not a single customer has intimated to us any serious doubts about 1960—contingent upon the outcome of current work stoppage uncertainties. Further, there is a serious doubt as to whether normal inventories of steel can be replaced before the third quarter of next year. More specifically, we expect the economy will establish new highs during the second quarter, which in terms of gross national product may reach an annual rate of $515 billions, with industrial output approximating 170 on the Federal Reserve Index.

We are backing our own confidence in the five-year period running from and including 1960 through 1964 by starting a second round of major expansion and improvement of our basic steel plant at an estimated cost of about $75,000,000. This follows a $100,000,000 program of similar nature begun in 1951 and completed in 1958.

1960 Will Test Ingenuity of Home Building Management

WALTER E. HOADLEY, JR.
Treasurer
Armstrong Cork Company
Lancaster, Pennsylvania

THE MOST IMPORTANT problem facing the homebuilding industry today is how to convert public desire for better housing into actual demand. To capitalize on the opportunities that lie ahead, the homebuilding industry must offer still better values and appropriate financing, including more "trade-in" facilities to simplify the transfer of houses between sellers and purchasers.

While the outlook for 1960 is for tight mortgage conditions to cause a drop in new home construction from the 1,300,000 units of 1959 to 1,200,000 units, there is no evidence of slackening in the desire to improve the quality of both new and older housing.

In fact, rising incomes, increasing numbers of teenagers in families, more retired couples and the beginning of a new advance in the marriage rate point to an expanding need for more adequate, attractively designed and properly located housing for many years ahead.

Some relief to the current extremely tight mortgage situation may well come as early as March, 1960, at which time expected heavy tax revenues will reduce the Federal Government's demands in the capital market.

Business needs for inventory rebuilding and new plant equipment plus some further consumer credit expansion, however, promise to limit added money for building purposes during much, if not all, of 1960. Experience indicates that the most likely prospects for a general easing in mortgage market conditions will be timed to coincide with the next downturn in general business, likely in 1961-62.

The outlook for repair and modernization is for further moderate growth over the next 12 months. There are some indications, however, that the growth rate in home fixup is slackening, especially among do-it-yourselfers. One of the principal reasons for this is the growing desire among many families, especially with teenagers, to find entirely new living quarters.

The long-range outlook for new housing is among the most promising for American business over the decade ahead.

The year 1960 will put the homebuilding industry generally, and distributors of building materials, specifically, to another test of management ingenuity. With moderately shrinking average sales prospects, profitable growth next year will depend heavily upon skillful merchandising of established products, heavy promotion of new products, close attention to credit and collection, insistence upon fast inventory turnover, and concentration of sales efforts where attractive profit margins and not more volume can be achieved.

Despite many old and some new problems, 1960 will still prove to be one of the best for the homebuilding industry. Successful materials distributors will be those who know their markets much better than their competitors, link themselves to forward-looking suppliers, and avoid "me too" tactics in serving their customers.

GEORGE W. COLEMAN

(*Continued from page 8*)

crease in money in circulation and to offset the decline in gold holdings. The reserves needed to finance the seasonal expansion in loans have for the most part been secured by borrowing. These are domestic factors which must be considered in formulating policy. The monetary authorities have also been compelled to consider the international position of the dollar. Fear of American inflation is widespread, and many countries act as if they might withdraw their balances on a large scale if we adopt inflationary policies. This is an aspect of monetary policy with which the American people are not familiar, because over the lifetime of most of us that has not been necessary.

This outline logically raises questions concerning the factors likely to influence industrial activity over the new year. Will the demand for money remain high? Will prices advance further? Will the demand for goods be sustained? To answer these questions will provide a forecast of the economic outlook.

The demand for money in the next year is likely to be lower. In the first place, the high interest rates now

(Concluded on page 30)

Wholesale Price Index Will Be 120.51 July 1st; Industrial Production, 157.02, Forecasts Average

WHAT will the harvest be at mid-1960? We mean the "harvest" of the protracted steel strike, and concomitant forces, on industrial production and wholesale price indexes. The effects, to date and yet to come, of the strike and its spill-over into other industries have weighted the forecasts of some 100 credit and financial executives reporting in the annual survey by CREDIT AND FINANCIAL MANAGEMENT Magazine. In preface to this introduction it is to be noted also that the predictions necessarily were made by mid-November, to come under the wire of the printer's deadline.

Factors besides the steel impasse have also influenced the forecasts, such as the tightness of money, the inflationary pressures, longevity of booms in business cycles, even the growing competition of foreign-made products invading the American market.

Nevertheless, despite the opposing elements sighted on the economic horizon, higher Index levels for both industrial production and wholesale prices represent the collective thinking. Here is an averaging of the predictions:

The Wholesale Price Index for all commodities when business enters the second half of 1960 will be at a new record high of 120.51, though less than 1 point above the 119.6 announced at mid-1959 by the U.S. Bureau of Labor Statistics. (At presstime the Index reads 119.2.)

The Industrial Production adjusted combined Index at midyear 1960 will be 157.02. Here is a forecast advance of 2 points over the previous all-time high of 155 which was confirmed in figures released by the Federal Reserve System for the month of June 1959. (This Index is 148 (preliminary) at presstime.)

Not the least important function of credit and financial management today is close reading and interpretation of business trends. That these executives "know their business" was attested in the November 1958 forecasts of the Indexes for 1959 halfway mark (Sept. '59 CFM).

Participants in the current survey include companies' board chairmen, presidents, vice presidents, treasurers, corporate secretaries, credit managers, controllers, financial officers, economists, accountants—a sampling of the more than 35,500 members of the National Association of Credit Management.

Over the last six years the actual Indexes at the half-turn of the calendar read as follows. Wholesale Price Index for all commodities—110.0 (1954); 110.3 (1955); 114.2 (1956); 117.4 (1957); 119.2 (1958); 119.7 (1959). The Industrial Production adjusted combined Index—124 (1954); 139 (1955); 141 (1956); 145 (1957); 132 (1958 recession); 155 (1959).

"Business in general during the first six months of 1960 should be better than for the same period in 1959," writes a midwesterner. (His forecasts: Wholesale Price Index, 120.1; Industrial Production, 162.)

From New England: "Steel settlement will gradually force up the Wholesale Price Index . . . Industrial production was going pretty well in June 1959 but has since tailed off due to steel strike. Will take a while to build back to June 1959." (His predictions: Wholesale Price Index, 120.9; Industrial Production Index, 159).

From the Panhandle State: "The stock market should continue to show an increase, reflecting the confidence of the people." (His forecasts: Wholesale Price Index, 119.8; Industrial Production, 160).

A suggestion: Jot down YOUR forecasts for the mid-year Indexes and compare them with the figures which will be published in the September issue of CREDIT AND FINANCIAL MANAGEMENT Magazine.

Following are the participants' names, titles, companies, cities—and their forecasts.

	Wholesale Price Index For All Commodities	*Industrial Production Adjusted Combined Index*
Frederick C. Rimmele, Treas., Benedict-Miller Inc., Lyndhurst, N. J.	120.2	181
Harold L. Jones, Ass't to Dist. Fin. Mgr., Graybar Electric Co., Inc., Los Angeles	120.1	163
William M. Gaster, Credit Mgr., The Knudsen Cry Co. of Calif., Los Angeles	120.2	163
Thomas J. Adams, Vice Pres., Credit Mgr., The Times-Picayune Publishing Co., New Orleans	120.3	137
H. R. Chesney, Div. Credit Mgr., General Petroleum Corp., San Mateo, Calif.	121.8	151
W. J. Babin, Ass't Treas., Geo. H. Lehleitner & Co., Inc., New Orleans	120.4	161
G. C. Harris, Dist. Credit Mgr., General Electric Supply Co., New Orleans	120.9	162

Subject to early settlement of the steel strike.

(The forecasts are continued on the following page)

(Forecast continued from preceding page)

	Wholesale Price Index For All Commodities	Industrial Production Adjusted Combined Index
W. E. Foster, Treas., Shoup-Owens Inc., Hoboken, N. J.	124.9	161
G. Albert Knesel, Ass't Vice Pres., The Hibernia National Bank, New Orleans	120	150
Leo W. Mayes, Vice Pres., The Behrens Drug Co., Waco, Tex.	121.5	161
R. K. Sybert, Dist. Credit Mgr., Hages Div. of Foremost Dairies Inc., San Diego	120	150
E. W. Lutz, Ass't Treas., The General Tire & Rubber Co., Akron, O.	—	159*
J. J. Dorgan, Treas., Continental Oil Co., Houston, Tex.	120	165
Walter D. Hill, Credit Mgr., General Radio Co., West Concord, Mass.	120.9*	159*
T. S. Rose, Ass't Treas., Sealed Power Corp., Muskegon, Mich.	121.37	163
E. T. Gross, Treas., The R. A. Siegel Companies, Atlanta, Ga.	121.5	163
H. F. Schultz, Ass't Treas., Controller, Char Gale Mfg. Co., Anoka, Minn.	120	150
Ed. A. Argus, Vice Pres., Secty., The Julian and Kokenge Co., Columbus, O.	121	160
Harvey W. Thenhausen, Credit Mgr., Gardner-Denver Co., Quincy, Ill.	121.2	159
Harold H. Berg., Vice Pres., Treas., Dakota Electric Supply Co., Fargo, N. D.	120.7	157
F. F. Riser, Vice Pres., Treas., W. H. Bintz Co., Salt Lake City, Utah	120.4	—
M. Bogrow, Credit Mgr., Garwood Industries, Inc., Wayne, Mich.	119.9	162
Everett B. Brooks, Pres., Ebcap Supply Co., Atlanta, Ga.	121.9	146
William R. Dunn, Gen. Credit Mgr., General Foods Corp., White Plains, N. Y.	120.5	162
Carroll E. Wilkes, Secty., Treas., Ohio Appliances, Inc., Columbus, O.	121.7	—
R. M. De Gilio, Credit Mgr., Syracuse Supply Co., Syracuse, N. Y.	121.3	162
C. Callaway, Jr., Treas., Crystal Springs Bleachery, Chickamauga, Ga.	120.1	152
William H. Hinson, Vice Pres., Treas., The Hinson Mfg. Co., Waterloo, Ia.	120.2	160*
Fred J. Hamerin, Secty., Treas., Lilly Varnish Co., Indianapolis, Ind.	119.4	147
Frank E. Holley, Secty., Controller, Genesee Valley Union Trust Co., Rochester, N. Y.	120.2	163
Fred J. Hertel, Asst. Treas., Elgin National Watch Co., Elgin, Ill.	120.4	140
R. Burt Gookin, Vice Pres., Finance, H. J. Heinz Company, Pittsburgh, Pa.	120	160
R. B. Tucker, Mgr., Midwestern Credit Office, Union Carbide Corp., Chicago, Ill.	121.3	158
C. E. Harris, Treas., The H. T. Hackney Co., Knoxville, Tenn.	120	—
R. B. Crean, Vice Pres., Treas., Gustin-Bacon Mfg. Co., Kansas City, Mo.	120	160
J. P. Turner, Jr., Treas., Cabin Crafts, Inc., Dalton, Ga.	120	157
R. A. Scharf, Credit Mgr., Cargill, Inc., Minneapolis, Minn.	122.5	161
I. J. Jeffries, Credit Mgr., Hershey Chocolate Corp., Hershey, Pa.	119.7	158
Stanley M. Cox, Ass't Treas., Cook Paint & Varnish Co., Kansas City, Mo.	120.2	158
Bernard C. Zipern, Secty., Controller, Red L Foods Corp., Great Neck, N. Y.	120.1	156
J. P. MacNamara, Gen. Credit Mgr., Fairmont Foods Co., Omaha, Nebr.	119.7	165
Daniel J. Fogarty, Credit Mgr., Grove Laboratories Inc., St. Louis, Mo.	120.1	162
Marion M. Coons, Secty., Treas., Hyde & Vredenburg, Inc., Chariton Wholesale Grocery, Chariton, Ia.	121.3	167
J. M. Cross, Secty., Controller, Harbor Steel & Supply Corp. and Aero Mfg. & Mach. Co., Inc., Muskegon, Mich.	120.2	169.8
Lester E. Jones, Secty., Treas., Hausman Steel Co., Toledo, O.	120.5	150
E. H. Schultz, Credit Mgr., Cleveland Graphite Bronze, Div. of Clevite Corp., Cleveland, O.	120.7	157
E. P. Hall, Graflex Inc., Rochester, N. Y.	121	158
G. R. Weis, Gen. Credit Mgr., H. H. Robertson Co., Ambridge, Pa.	120.3	149
J. H. Pool, Controller, Acme Iron Works, San Antonio, Tex.	118	145
O. W. Sprouse, Credit Mgr., W. D. Haden Co., Houston, Tex.	117.5	148
M. V. Johnston, Dir. Credit Administration, Gulf Oil Corp., Pittsburgh, Pa.	118	155

	Wholesale Price Index For All Commodities	Industrial Production Adjusted Combined Index
G. T. Smith, Gen. Credit Mgr., Wear-Ever Aluminum, Inc., New Kensington, Pa.	120.8	161
J. H. Conwell, Mgr. Credit Dept., Eastern Gas & Fuel Associates, Coal Div., Pittsburgh, Pa.	121.9	159
Edward B. Helcher, Credit Mgr., Emery Industries, Inc., Cincinnati, O.	120.2	146
Edward Heine, Ass't to Pres., H. A. Seinsheimer Co., Cincinnati, O.	121.2	152
Gilbert J. Timone, Gen. Credit Mgr., American Oil Co., New York, N. Y.	120	158
J. A. Swaney, Ass't to Treas., Harris-Intertype Corp., Cleveland, O.	121.2	161
F. C. Knapp, Treas., Endicott Johnson Corporation, Endicott, N. Y.	121	165
C. L. Ireland, Ass't Secty., Gilman Paint & Varnish Co., Chattanooga, Tenn.	120.2*	162*
Dean H. Mitchell, Ass't Secty., American Pipe & Construction Co., Portland, Ore.	121.3	152
J. W. Crawford, Secty., Treas., Railey-Milam, Inc., Miami, Fla.	120.4	160
Frank T. Henry, Vice Pres., Arden Farms Co., Los Angeles, Calif.	119.8	145
James N. Jones, Treas., Decatur & Hopkins Co., Boston, Mass.	120.5	160
W. J. Adams, Credit Mgr., R. R. Donnelley & Sons Co., Chicago, Ill.	121.5	167
W. G. MacIvor, Ass't Treas., Gen. Credit Mgr., Bird & Son, Inc., E. Walpole, Mass.	—	151
E. B. Massie, Controller, Huntington Wholesale Furniture Co., Huntington, W. Va.	119.8	143
Ray Crowley, Credit Mgr., Bay State Milling Co., Winona, Minn.	120	159
R. H. Buchheit, Mgr., Credits and Accounting, The Sherwin-Williams Co., Dallas	119.8*	160*
Alvin H. Tanner, Secty., Credit Mgr., Hart's Automotive Parts Co., Chattanooga, Tenn.	120.5	152
R. W. Durrett, Ass't Treas., Sheffield Div., Armco Steel Corp., Kansas City, Mo.	120	154
E. Earl Pratt, Ass't Secty., Credit Mgr., Fischer Lime & Cement Co., Memphis, Tenn.	120	165
Otis K. Lawson, Ass't Secty., Treas., Credit Mgr., Electric Constructors, Inc., Birmingham, Ala.	121.1	158
J. Roy Pierson, Vice Pres., Thomas Field & Co., Charleston, W. Va.	124.5	141
Claude L. Lewis, Budget Director, The Toledo Edison Company, Toledo, O.	—	158
A. H. Hanssen, Controller, Gen. Credit Mgr., W. R. Grace & Co., Davison Chemical Div., Baltimore, Md.	118.7	148
H. C. Cogan, Treas., Parker-Hannifin Corp., Cleveland, O.	119.9	162
Herman C. Krannert, Chairman of Board, Inland Container Corp., Indianapolis, Ind.	120.2	160
A. B. Keen, Credit Mgr., John Sexton & Co., Chicago, Ill.	119.9	158.9
J. P. Harrelson, Credit Mgr., Faultless Caster Corp., Evansville, Ind.	120.2	159
Niles McMahan, Treas., Rock Island Refining Corp., Indianapolis, Ind.	120.4	161.4
T. Ernie Goodrum, Credit Mgr., Igleheart Brothers Div., General Foods Corp., Evansville, Ind.	119	154
H. W. Binder, Credit Mgr., International Latex Corp., Dover, Del.	120.1	164
Ervin H. Zolecki, Creditman, E. J Brach & Sons, Chicago, Ill.	120.7	158
Lester T. Hage, Ass't Secty., Brown & Bigelow, St. Paul, Minn.	121.2	157
G. Royal Neese, Secty., Treas., Nat'l Assn. of Credit Management, Cherokee Unit, Chattanooga, Tenn.	120.2	152
Arthur Douglas, Credit Mgr., Carnation Co., Los Angeles, Calif.	121.5	—
A. N. Masucci, Treas., Hickey Freeman Co., Rochester, N. Y.	120.6	157
G. G. Holeman, Credit Mgr., Sidles Co., Omaha, Nebr.	121	151
R. M. Kraichnan, Gen. Credit Mgr., The Budd Co., Philadelphia, Pa.	120.8	159
Walter B. Morrison, Credit Mgr., Stetson Shoe Company, Inc., So. Weymouth, Mass.	118.7	149.1
Arthur E. Bayley, Credit Mgr., Pittsburgh Steel Co., Pittsburgh, Pa.	122.1	171.3
Glenn W. Stafford, Secty., Treas., The L. A. Benson Company, Inc., Baltimore, Md.	119.9	161
T. A. Goodman, Credit Mgr., Cowman-Campbell Paint Co., Seattle, Wash.	119.8	159
R. J. Rouse, Vice Pres., Bay City Iron Works, Oakland, Calif.	121.9	158
A. H. MacNabo, Secty., Acme Quality Paints, Inc., Detroit, Mich.	—	156
James P. Keddy, Credit Mgr., Admiral Distributors, Boston, Mass.	119	159

UPDATING THE FACTORING I. Q.

Cites Service of Commercial Finance Companies and Factors

By DAVID A. ROBINSON
Vice President
Lexington Corporation
Subsidiary of James Talcott, Inc.
Boston, Massachusetts

EVERY TYPE of financing has its special place in business. The services performed by factors are often the answer for particular credit problems. In their proper place they can turn a slow-paying customer into a discounter, change a small buyer into a volume account.

D. A. ROBINSON

The factor, generally, makes loans on the security of accounts receivable, inventory and machinery, sometimes on other fixed assets if needed. Inventory loans usually are made in combination with accounts receivable loans, thus permitting the customer to build up his inventories in anticipation of the selling season.

Machinery and equipment loans to the customer make it possible for him to pay the supplier at once. The customer in turn pays the factor in instalments, or on a rental basis, over short or medium term maturities depending on the type of equipment. This procedure permits the account to upgrade plant and equipment and so improve its competitive position.

Special Loans Made

Special loans are made to management to buy other firms, arrange mergers, purchase minority stockholders' interests. Letters of credit, drafts and credit facilities are provided to expedite imports and exports.

The most widely used services of commercial finance companies are either factoring or accounts receivable financing. In factoring, the factor *buys* the customer's accounts receivable outright. The customer then carries on his business on a virtual cash basis because the factor at once advances between 90 per cent and 100 per cent of the face value of all invoices. The factor also performs all credit and collection work, and guarantees his client against all credit losses. In accounts receivable financing, however, the commercial finance company *lends* the customer an agreed percentage of the accounts receivable, usually up to 80 per cent. This nearly always is done on a non-notification basis; that is, the finance company makes no contact with its clients' customers. The customer continues to collect his own bills.

Are commercial finance companies in competition with banks? The facts are that banks often recommend such companies to their customers, and company and bank supplement each other.

Banks are limited, sometimes by law, in types and amounts of loans. More than 75 per cent of America's banks have relatively small capital and surplus accounts. Under general banking regulations they are not permitted to lend more than 10 per cent usually, of this capital structure to any one borrower. Because of these and other restrictions and credit considerations, they are often unable to accommodate the special growth requirements of their customers.

GRADUATE of Northeastern University's school of business administration, with post-graduate courses in credit and finance, David A. Robinson has been in credit work more than 25 years.

Mr. Robinson was credit manager of Clark-Babbitt Industries, Inc., and Cambridge Rubber Company, Cambridge, Mass., before joining Lexington Corporation about 10 years ago as credit manager. He was successively treasurer and vice president.

Lexington Corporation is now a wholly owned subsidiary of James Talcott, Inc., 105-year-old company with assets approximating $150 millions.

Finance companies, privately capitalized, use their own and borrowed funds and so can offer greater flexibility and accommodation. In 1958 they advanced more than $8 billions to growing businesses.

In past years, credit executives—including myself—viewed with alarm any customer who financed his accounts receivable because his most liquid asset thus was tied up by the commercial finance company.

Not today, and for some hard-headed reasons. Before entering into any arrangement the financing company investigates the principals for accurate judgment of their competence and honesty, and determines the reasons for the business' past successes and/or failures. Therefore a loaning arrangement is strong indication that the financial health and growth potentials are sound.

Good Bookkeeping Demanded

The finance company will insist upon good bookkeeping records and will help set them up. It will either audit the customer's books periodically or will require frequent financial statements prepared by an outside accountant, or both, The accounts receivable are verified continuously, under an accountant's name.

As the relationship develops, cash is substituted for accounts receivable, which means that the customer's existing bill will be paid and his future purchases from the supplier should be on a cash discount basis.

The customer's accounts payable are checked periodically to ascertain that money is going to creditors, that funds advanced on receivables are used for sound business purposes. Tax liabilities also are checked, to preclude any possibility of placement of a Government lien for delinquent taxes.

With the assurance that the customer has access to cash to pay his bills, many suppliers have been enabled to extend more liberal lines of credit. Sales managers have opportunity to sell the customer in greater volume.

The finance company, without standing over the customer's shoulder, maintains a constructive relationship with him. Regular advances of funds enable him to devote his full time to sales, servicing and other phases of his business. As sales expand and more and more earnings are retained, the customer's lines of credit grow, his need to borrow lessens. Ultimately,

substituting his earnings for borrowed funds, he settles his account with the finance company and finds that adequate credit lines are now available to him at his bank.**

Services of commercial finance companies are best utilized when the following conditions of the customer are apparent:

(1) He has a growing business but his working capital is inadequate to finance investments he must make.

(2) His lines of bank credit are insufficient, either because he cannot qualify for the amount of money necessary at the time he needs it or because the bank cannot satisfy his requirements.

(3) Temporary conditions have set him back and the special services of a finance company can help him turn the corner.

(4) A special opportunity has arisen which offers him a great advantage if he can quickly raise a relatively substantial sum of cash.

Hundreds of companies now enjoying an AaA1 credit rating owe their success to use of commercial finance company funds.

Exploding a Myth

There is a fairly widespread myth that finance companies charge excessive rates. It is just that—a myth. The word "excessive" implies charges in excess of value given. Actually, the borrower may earn more in cash discounts alone than he is charged by the finance company.

Interest rates can be exceedingly deceptive. What may appear to be a higher rate may actually represent a much lower net cost at the end of the year than a "lower" rate computed on a different basis. And a lower rate for an inadequate loan is more expensive overall than a higher rate for a fully adequate line of accommodation.

Pays Only for Money Used

Legitimate finance companies almost invariably charge only on the dollars outstanding per day—not on the face amount of the receivables or on the peak loan. In this way, the borrower pays only for the money *used* by him each day, never for idle funds.

To sum up, commercial finance companies and factors offer a great variety of financing services, most of them tailor-made to fit particular needs.

By ALBERT PAULY
Credit Manager
Samuel Cabot, Inc.
Boston, Massachusetts

MANAGEMENT AT WORK

.... a problem case is solved

FOR peace and harmony in home life, it is well for the partners to know about the two bears— Bear and Forbear. There are occasions in business life where similar knowledge can also be used to advantage by the credit executive.

There is a saying, "Every day is judgment day for the creditman". Certainly there are times when he needs the wisdom of a Solomon if he is to handle his duties properly.

One of his problems that requires the closest investigation is a change in the paying habits of a customer, from prompt to slow pay. It is up to the credit executive to determine whether this is a temporary condition that can be corrected, or whether it will become aggravated and turn into a delicate situation. Here is where he shows his caliber.

In such situations, writing letters to the customers is not going to bring out all of the facts. A personal visit is needed. If the debtor has proved by experience that he has ability and character, then the creditman must dig for the facts that have brought the change in payment procedure.

The debtor may be caught by a sharp drop in business that could not be foreseen. This might result in a heavy inventory and "sticky" receivables. On the other hand, the mink hanging in the closet may have brought the wolf to the door. By personal investigation, the credit representative should be able to ferret out the facts of the case to fortify his decision on the proper course to follow.

There are times when he must be strict in order to protect the interests of his company. There are other times when he must be lenient, to make sure that his decisions do not lose later sales. The line of demarcation between these extremes can be very fine. If he brings pressure to bear upon an account which later turns out favorably, his procedure may cost his company sales far into the future. If he decides to be lenient and the debtor goes under, again the creditman may be responsible for a heavy loss.

In a serious slow pay situation, I favor having the larger creditors confer informally to try to come to a unified course of action. If the debtor is worthy, the larger creditors may agree to freeze the old balances in order to give the debtor a chance to struggle through. Too often solo action, with each creditor trying to get out with a whole skin, may lead to a tragedy in which everyone is a loser. Certainly it is better to confer before the curtain falls, rather than to wait until it is too late.

I have experienced contingencies in which the cooperative effort of credit executives of several companies has resulted in the salvaging of businesses that might otherwise have gone down the drain. I shall illustrate two of them.

Case Number One

We had a midwestern distributor who had proved over the years that he had the know-how and character to run his business successfully. His sales were increasing steadily. He discounted his purchases.

Then came an abrupt drop in business. His inventory was high, and he had difficulty in trying to collect his receivables. His payments to us became increasingly slow. This called for a personal visit.

The debtor gave me the facts. He indicated to me that the business was his life. His whole future and that of his family were involved as well as his money. Certainly he had more at stake than we creditors had. All he asked for was time.

Fortunately other large creditors also had confidence in the man. We agreed to let the old balance stand while we gave him an opportunity to work his way out. He agreed to pay for current purchases, and did so. It was a long hard grind, but he made it and paid up the old balances in full.

The unfortunate part of the episode

***HOW COOPERATION** by large creditors in two instances saved the accounts for future business to the supplier is explained to Samuel Cabot (center), president of Samuel Cabot Inc., Boston, and Samuel Cabot, Jr. (left), treasurer and sales executive, by Albert Pauly, credit manager.*

HIS *early schooling complemented with special courses in accounting and commercial law, Albert Pauly is credit manager of Samuel Cabot, Inc., Boston, manufacturers of building products.*

For the New England Association of Credit Executives, of which he is president, Mr. Pauly last May received the award of the NACM Insurance Advisory Council for advancement of appreciation of the importance of insurance. The presentation was at the Credit Congress in Dallas.

In 1950, when the New England association won the National plaque for greatest percentage membership gain for its division, Mr. Pauly was chairman of the affiliate's membership committee.

was that some of the creditors with smaller balances did bring pressure to bear upon him when he needed sympathy rather than squeezing. These solo actions by the smaller creditors almost upset the apple cart. They did get their money quickly, but they paid a high price for it in lost future sales. In subsequent conversations with me the distributor has emphasized that none of the concerns that made it tough for him has ever since been able to sell him.

The years have passed. We still get a substantial volume of business from the concern, all on a discount basis. I never go to his city without contacting him, and when he comes east on vacations we have lunch or dinner together.

Certainly forbearance on the part of a few credit managers did pay off for their companies. How about the creditmen who hounded him?

Case Number Two

The second case concerned an account on the Eastern Seaboard. A single proprietor had been successful in business for a few years and had paid promptly. Came a fall of business generally in his area. He could not meet his obligations nor could he collect his receivables. He was deeply involved, and could not have been blamed very much if he had sought the easy way out.

The large creditors were few in number but the amounts were heavy. Once again mutual forbearance on

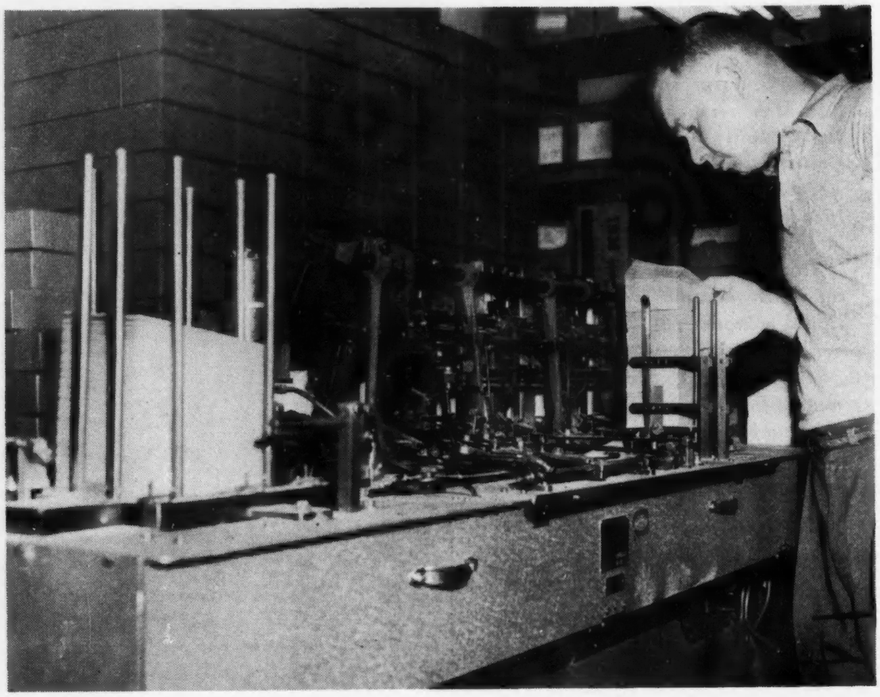
(Concluded on page 25)

Mechanized Mail Clears 4,000 Pieces By the Hour for This Public Utility

IN ITS PROGRAM of modernization a company may find one of its best investments to be the mechanization of its mail processing methods. Illustrated is the experience of an Illinois utility which has improved the speed and accuracy of three major types of mailings with its new inserting equipment.

Unlike many other utilities, the Northern Illinois Gas Company of Aurora, Ill., commenced operations on a full scale. Chartered as an Illinois corporation in November 1953, the company acquired the gas distribution business of its former parent company and immediately started serving customers in 20 Illinois counties. With the dynamic growth of Northern Illinois, the list of consumers skyrocketed in the space of a few years.

Faced from the start with a large group of customers to serve and well over 100,000 stockholders, Northern Illinois Gas mechanized its mail processing operation with a four-station Bell & Howell Phillipsburg Inserter. Whereas smaller companies gradually change over from handstuffing methods to mechanized mail processing as their mail volume increases, the utility found its requirements precluded any possibility of handstuffing from both an economy and a deadline standpoint.



SIX CONSECUTIVE OPERATIONS—Shown in operation at Northern Illinois Gas Co., Aurora, the Bell & Howell Phillipsburg Inserter gathers, stuffs, seals, prints postal indicia, counts and stacks ready for the post office, diversified mailings of the utility. Notices, checks, advertising matter, even monthly payment books are speeded on their way by machine which can handle up to 4,000 pieces an hour, depending on number and size of enclosures.

Handles Volume Speedily

Advertising matter, dividend checks proxies, payroll checks are easily, swiftly processed with the machine. As an example of its speed, the user company reports the Inserter is producing a volume of mail "that would normally take the time of more than a dozen employees. Stuffed, sealed and postage-paid envelopes pour out at the rate of more than 50 a minute."

Description of the processing of a typical mailing illustrates the simplicity of the Inserter's operation. The four stations of the utility's machine are loaded with the components of a particular mailing: notices, return envelopes, promotion pieces, advertising folders or other. At the front of the machine, a centralized "hopper" is loaded with outside window envelopes. Gripper arms simultaneously extract one of each of the four inserts and deposit them on the insert track.

Meantime, envelopes are fed in a continuous stream along a parallel track. Each envelope flap is automatically opened just before the envelope reaches the inserting station. Three steel fingers then push the package of inserts into the opened envelope. Subsequently the flap is moistened and sealed, the postal indicia is printed on the envelope, then each piece is counted as it is fed into a vertical stacker.

In brief, the Phillipsburg Inserter executes all these operations consecutively: gathers, stuffs, seals, prints postal indicia, counts and stacks ready for the Post Office.

Fast and Accurate

Dividend checks, proxies and annual meeting notices to stockholders, payroll checks to employees every two weeks are important mailings which not only have to be processed on a close deadline basis, but also require absolute accuracy. Obviously the omission of a proxy notice or a check from a stockholder mailing would reflect on the company, just as a double enclosure would. The same holds true for payroll mailings.

Hazards Prevented

The exclusive vacuum-feed principle of the Phillipsburg Inserter, plus its foolproof detectors and warning lights, prevents these hazards from even arising. No matter whether the paper stock is smooth or rippled, heavy or lightweight, vacuum feed inserts one at a time in correct sequence. The machine is even used from time to time to stuff monthly payment books.

"The Phillipsburg Inserter stops immediately if the cycle of operation is not complete," reports the machine operator at Northern Illinois Gas. "If, for instance, one of the inserts failed to feed, the entire process would be halted at once. Similarly, if one of the insert or envelope hoppers emp-

ties, the machine stops immediately." A warning light flashed at the offending location shows the operator at a glance where the trouble is. After correction, the machine functions normally.

Value to Stockholders and Payroll

The value of the machine for stockholder and payroll mailings is emphasized by treasury department supervisor Charles L. Lane: "Ever since the Phillipsburg Inserter was installed in 1954, it has faithfully processed quarterly mailings of dividend checks and annual mailings of proxy statements and meeting notices for stockholders.

"Our Phillipsburg Inserter also handles all employee paychecks every two weeks. The machine is something we just couldn't do without. Dividend and payroll checks have never reached their destinations late because of machine failure during over five years of continuous use of the machine."

In addition to the advantages of speed and economy, company reports the machine has not required a major repair of any kind; the only mechanical attention having been a minor adjustment now and then and the occasional replacement of suction cups. "These factors, plus its adaptability to various mailing problems and the large volume that can be handled, make the machine highly practicable for our operation," a company spokesman noted, adding that "even greater demands will be placed on the Phillipsburg Inserter with our growing volume of business."

Get into Politics, Bankers And Industrialists Urged

Despite potential public criticisms, bankers face a greater risk to their business by staying out of politics than by becoming more active, Edward Bursk, Harvard Business School professor of business administration and editor of Harvard Business Review, told members of NABAC, The Association for Bank Audit, Control and Operation, at their 35th annual convention, in Boston.

A similar note for business executives and other personnel was sounded by most of the 198 manufacturers participating in a survey of the National Industrial Conference Board.

Guides to Improve Executive Operation

KEEPING INFORMED

DATA PROCESSING DIGEST, monthly review of literature in the field of electronic data processing, now in its fifth year of publication, should be of interest to executives in the management, financial, production and service functions of business organizations. Abstracting service saves time in searching for new information published in books, magazines, technical papers and proceedings, in United States, Canada and England. For information about subscriptions and examination copies, write to publisher Canning, Sisson and Associates, Inc., 1140 S. Robertson Blvd., Los Angeles 35, Calif.

PORTFOLIO OF TRACING PAGES for the business office, to achieve professional quality illustrations with copy to be mimeographed—A. B. Dick Co., 5700 W. Touhy Ave., Chicago 48, Ill. Ask for No. 58-87C.

To expedite receiving booklets described below in this column, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Park Av. So., New York 3, N. Y.

EFFICIENCY TIPS

811—Desk-model bookkeeping machine, the P612, latest in Burroughs Corp.'s series of low-cost electric machines, is designed to streamline small-business bookkeeping operations. For descriptive literature, write us.

▼

812—"Spirit Away" is Kee Lox Manufacturing Co.'s new impregnated-paper hand cleaner for removing stains normally encountered in office and print shop, as from carbon, hectograph ribbons, mimeographs. Write us for descriptive literature.

▼

813—Circular and free sample of "Quik-Kards" continuous form card for Addressograph plates are offered by Addressing Machine Co. of California. Specify size of card you now use or send sample card to show size.

▼

814—Nearly 200 advertising and goodwill specialties for business are illustrated and described in 32-page catalog of R. Frank Advertising Specialties Inc. For free copy, write us.

▼

815—DANS, Diebold Alpha Numeric System, adaptable to any number of accounts and any condition of separate or combined ledgers, is said to eliminate problem of "breakdowns" in banking and business alpha-numeric systems. Descriptive literature available.

▼

816—"Ideas That Save Time and Space," informative illustrated 12-page brochure of Acco Products, div. of Natser Corp., highlights new filing and binder techniques in use.

▼

817—Calendars, pocket and desk types, with imprint, are described and prices given in literature of M. P. Brown, Inc.

BOOK REVIEWS

FINANCIAL ANALYSIS FOR MANAGEMENT—by Ronello B. Lewis. 190 pages. $25.00. Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N. Y.

• Financial analysis is "the process of finding a problem and measuring alternative solutions in terms of relative profit," says the author, now a partner in E. F. Hutton & Company and formerly vice president and controller of Olin Mathieson Chemical Corporation. Aiming at the top-management team and financial analysts serving it, the writer authoritatively discusses how to assemble, analyze, and present accounting data for major capital expenditures decisions.

Thirty-seven exhibits show how to apply the principles discussed. Analytic techniques are provided for decisions involving return on investment, acquisition, merger, planning sources of funds, and other basic areas of financial management.

THE OLD FARMER'S ALMANAC 1960—168th Edition. Robb Sagendorph, Publisher. 108 pages. 35 cents. Pocket Books, Inc., 630 Fifth Ave., New York, N.Y.

• Djever *hear* the Aurora Borealis? Do you accubate at the dinnertable? What's the "Red Cross of Culture?" How many eclipses in 1960? Are spiders reliable weather harbingers? Answers to these new choice bits and countless other questions await you in No. CLXVIII of this cheery old friend.

AMERICAN PUBLIC FINANCE—Seventh Edition. By William J. Shultz and C. Lowell Harriss. 631 pages. $10. Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N.Y. A textbook on this social science, with questions and problems concluding each chapter, the revised volume has much for businessman-reading as well. In this edition the two chapters on fiscal policy have been rewritten to accord with the experience of the two most recent postwar cycles.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your bookstore or direct from the publisher.

Intensify Fight for Foreign Markets, Business Urged at Council Convention

> ***A woman gets well fast when you tell her that her symptoms are just a sign of old age.***
> **—The Indiana Agent**

AS an economic necessity and to counteract the Communist trade-aid challenge, American business must intensify its fight for foreign markets, speakers declared at the 46th annual convention sponsored by the National Foreign Trade Council, in New York.

Urged were more aggressive export competition, reduction of trade barriers and improvement of international transportation.

In its "Final Declaration" the Council indorsed the "buy-American" policy inserted in U. S. foreign assistance loans, called for support of the movement to remove discriminatory and arbitrary restraints abroad on imports of goods and services, expressed concern at the danger of a permanent break in Western European economic cooperation because of rival trading blocs.

"Not only justice but the present adverse balance-of-payments situation demand that other industrially advanced nations relieve this country of much of the foreign aid burden," the Declaration said in part.

"The spending of U. S. foreign aid funds for American goods and services will not only help to improve our balance-of-payments position but it will contribute toward the maintenance of a satisfactory level of business and employment in our own country.

"It will also oblige other industrial nations to finance a larger part of their own capital goods exports."

Complacency Called Dangerous

Indifference and complacency toward foreign markets is dangerous because most essential future centers of overseas trade are directly in the path of the Communist reach for more economic power, asserted Bruce Payne, management consultant.

One answer is to give as much attention to those markets as to domestic business, he said.

"The rate of progress involved in Russian industrialization over the past years will be repeated by other socalled underdeveloped countries in the years immediately ahead of us. There is every reason to believe that their rate of expansion will be much more rapid than Russia's, because they are receiving more outside assistance.

"These people are your business competitors of tomorrow. They are also tomorrow's customers. What are you going to do about it?"

The Captain Robert Dollar Memorial Award was presented to Daniel C. Waugh, president of the Export-Import Bank of Washington, at the Annual World Trade dinner.

Why a Creditor?

(Concluded from page 3)

ly. Total sales up to this point amounted to $285,000, and we still weren't experiencing problems! Everyone seemed to be happy. Nevertheless, now would have been the opportune time to perform an exploratory "post mortem," for we would have found that:

a. $65,000 of these notes receivable, resulting from retail sales of equipment, had been pledged to the bank to cover a loan of $53,000.

b. Working capital—$33,500.

c. Net worth—$37,000.

Ninety days later, in response to a request for a new financial statement, we find that:

a. The notes receivable balance had been reduced to $67,000 and were still pledged to the bank to cover a loan now increased to $58,750.

b. Working capital—$27,000.

c. Net worth—$31,000.

We still aren't having too many problems with the account, only an occasional past due item which pays out before any question arises. We still are doing business with a "going concern."

In 1955, problems with the account are considered only normal and the cost of servicing the account still leaves a profit.

The Year-End Statements

In late 1955 we receive the year-end Balance Sheet and Profit and Loss Statement. Things don't look too good because:

a. Bank account is overdrawn $16,200.

b. Notes receivable of $25,000 are pledged to the bank to secure a loan balance of $30,000.

c. Accounts receivable have increased to $15,000 from a previous low of $6,800.

d. Working capital now reported to be $12,700.

e. An unsecured note payable of $28,000 appears on the statement for the first time.

f. Net worth has now dropped to $25,000 with a loss of $1,100 on $322,000 sales.

Perhaps at this point our credit executive should have become concerned—or was he? Let's continue.

In June of 1956 this account owed the company a comparatively small balance of $11,600.

In this same month a member of the branch credit department visited the account and made the following observations:

1. Contingent liabilities were too high at $45,000 with the bank demanding settlement.

2. SBA loan instaliment of $7,000 had matured and funds with which to pay were not available.

3. Dealer lacked trained sales personnel.

4. Overtrading.

5. Dealer was unable to finance new retail contracts which led to—

6. Dealer expending inadequate effort on retail sales.

After these observations, the credit representative recommended that an immediate decision be made on action to be taken to avoid being involved in a "salvage" situation.

However, we continued to "learn by making mistakes" and continued with the account in spite of a series of NSF checks (many of which were later collected), out of trust situations (goods sold to the retail trade and funds dissipated), and generally unsound business practices.

By December of 1956, the total amount owing by the account had been reduced to $6,299. Frankly, we were doing a good job up to this point, when we consider that we were already in a "salvage operation" with a "going concern" but evidently did not recognize the implications.

At this point, the branch credit department visited the account again and discovered that the so-called "going concern" was in the process of reorganizing. Counsel for our account advised that the "Second Notice of Creditor's Meeting" was being mailed on the day of the visit, and later admitted that the "First Notice" had been purposely withheld. We were still "learning," but now a horrible thought came to mind —a decision had to be made and it was. What was it? "Withdraw from the account" was the answer, as no hope for survival existed. The wheels were put in motion to accomplish the withdrawal, but the nearly defunct account said, "We refuse to give you a Bill of Sale." This necessitated drawing our legal department into the picture. Sixty days later we recovered our remaining inventory through "claim and delivery" action.

A "Small" Loss, But . . .

When the "smoke" cleared, we found that we came up with a small loss of $330.10. Very fortunate, we say, on first thought. However, experience tells us there could have been an error somewhere. Did we "goof"? Sure we "goofed," and here's how we did it. Let's look at the hidden factors that increased our loss substantially:

Attorney Fees	$1,101.75
Volume Discount Losses on Machines Previously Shipped	156.97
Direct Credit Department Expenses (Salaries Excluded)	129.46
Trucking Charges	50.90
Resale Losses on Repossessed Machines	1,082.43
Salaries, Phone Charges, Letters (Estimated)	500.00
	$3,021.51
Charged Off	330.10
Total Loss	$3,351.61

Fantastic! Did we "learn by making a mistake?" We certainly did —but the tuition costs were high.

In retrospect, it has been concluded that the following factors in account's operations influenced this loss:

Inefficient Management
Lack of Capital
Bad Debt Losses
Poor Collections
Dishonesty

And these are the reasons why "we were a creditor:"

Failure to Correctly Analyze Credit Information
Judgment Influenced
Too Anxious for Sales Volume
Stayed with the Account Too Long

T. O. GULLINGSRUD joined New Holland Machine Company, New Holland, Pa., after four years as district credit manager of a major tire manufacturer and 15 years in the branch credit department of a leading farm manufacturer. He holds the Executive Award (1957) of NACM's Graduate School of Credit and Financial Management.

Management At Work

(Concluded from page 19)

the old balances permitted the man to fight his way out. The debts remained frozen for several years but were eventually paid in full. This proprietor has given us a large volume of orders over the intervening years. Now his sons are becoming active in the concern and we hope for a continued share of their business in the future.

Cooperative effort on the part of the creditmen in these instances certainly was instrumental in keeping the concerns alive. Once again forbearance paid off.

Case Number Three Different

Different was a recent experience, and what happened might have been avoided. Here was an old line concern that had done business with us for many years, in fact through two generations and into the third.

From being a high grade discount customer it became slow pay. Because of the distance involved, I did not make the personal visit that should have been made to obtain the facts. The account went into receivership and we had to take a loss. True, the loss was minimized because of the businesslike way in which the receivership was conducted, but I still wonder if I might have handled it differently had I been there in person.

When the going becomes rough for a customer there is no substitute for a personal visit.

Balance of Payments Deficit Called Threat to Economy

To get out of the 'rut of deficit in our international payments,' Henry C. Alexander, chairman of Morgan Guaranty Trust Company of New York, advocates increased exports of goods without placing restrictions on imports, a greater spread of the foreign aid load among our allies, and maintenance in America of conditions to attract investment funds from abroad.

Addressing the annual convention of the Savings Bank Association of the State of New York. Mr. Alexander pointed out our $17 billions "in the red" on balance of payments and cautioned that "no nation, however affluent, can long endure a substantial deficit in its balance of payments without weakening its currency and its economy, and ultimately lowering the standard of living of its people."

National of Detroit Opens Most Modern Banking Center

At the National Bank of Detroit's new 14-story main office in the downtown area, records, important documents, interoffice memos, mail, are speeded throughout the building automatically by a network of pneumatic tubes. The system differs radically from the oldstyle manually operated pneumatic tube devices. Each station in the bank's main office has a telephone dial mounted near the sending inlet. All the operator does is insert the carrier in the sending inlet and dial the number of the station to which the carrier is destined. A security feature has been incorporated in a "sender lock" at each station. The installation was designed and installed by Airmatic Systems Corporation, an associate of International Telephone & Telegraph Corp.

A console-type monitoring and control center for operating and controlling mechanical services throughout the building integrates services that normally would require a large maintenance force. Master switches make it possible to override seasonal thermostatic controls on the air conditioning and ventilating systems.

Among the conveniences for customer use are electric adding machines recessed in the check-writing desks. Henry T. Bodman is president.

Chess Players, Attention!

Cooperating with President Eisenhower's People-to-People Program, a Wall Street Committee of the American Chess Foundation is organizing teams for nationwide chess tournaments with financial centers in Western Europe.

Jacques Coe, vice president and committee chairman, invites interested chess players to write him at Jacques Coe & Co., 39 Broadway, New York 6, N.Y.

Modernizing the Office

New Equipment to Speed Production and Reduce Costs

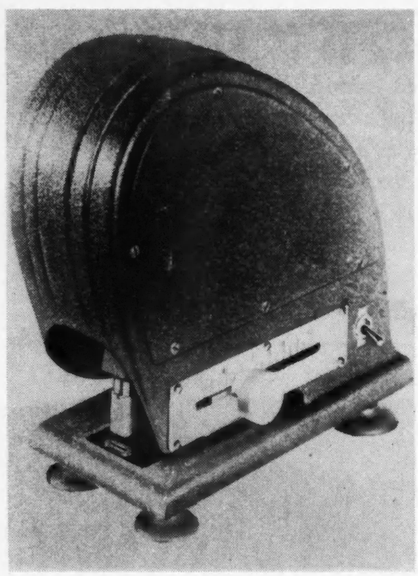
Paper Masters in 2 Min.

642 New KODAK EKTALITH method for making paper masters, or direct copies up to ten or more without using offset duplicating equipment, utilizes the speed and quality of optics. In 2 minutes, using a standard copying camera, method can produce master from practically any kind of original — file cards, letters, engineering drawings — notes maker, Eastman Kodak Company. Master can be same size as original or reduced or enlarged, and can be used to print up to 1,000 or more copies on any standard offset duplicating equipment. With Ektalith Loader Processor Model 1 (shown), process is carried out under ordinary room light.

"Nerve Center"

643 EXECUTONE electronic Intercom System for general business use features as nerve center the Master Station shown. Personnel at Master stations can call and converse with each other, originating calls to and receiving calls from, a combination of up to ten Staff, Trumpet and Reply stations, or may page through all stations simultaneously. "Hold-Annunciator" permits calls from staff stations to be registered and held at master station until answered. "Remote Reply plus Privacy Protection" is another feature. System provides for expansion as required.

Electric Stapler



644 STAPLEX S-54 all-purpose Automatic Electric Stapling machine of The Staplex Company is adaptable to a wide variety of jobs from correspondence to records and material stapling, cuts time in stapling. Completely automatic, no hand or foot controls are needed for operation; machine operates only as work is fed to it. S-54 model has no motor; power supply is from perfected solenoid. Foolproof, single contact activating control, simple fast reloading are other features.

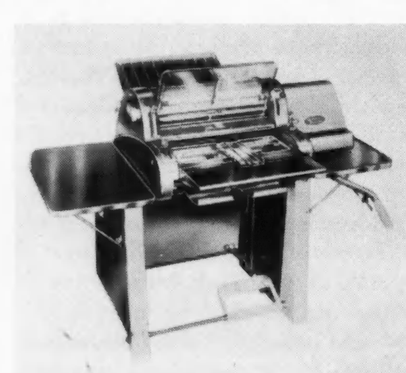
This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Please address MODERNIZING, Credit & Financial Management, 229 Park Av. So., New York 3.

Deluxe Chair Mat

645 Attractive De'corMat plastic Chair Mat of EVANS SPECIALTY COMPANY, INC. permits carpet and floor colors to show through, saves wear and tear on carpet. Transparent Acrylic plastic material is said to be extremely resistant to scuff and scrape marks, will not chip and is resistant to stains. Keep it clean with a damp cloth. De'corMat is available in sizes 48x60", 45x53" and 36x48".

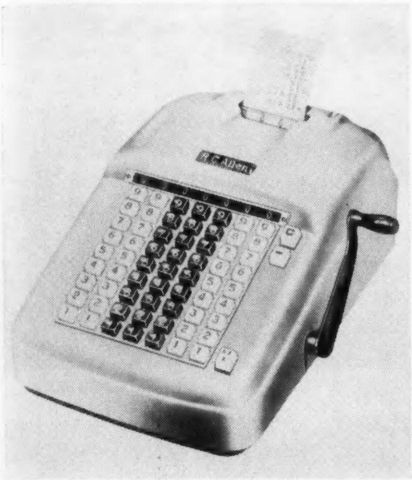
Selective Duplicator

646 Ideal for paperwork reproduction systems for production order or purchase order writing, invoicing and inventory control, COPEASE-BANDA Model 170 SYMM Spirit Duplicator is designed so that one line or any combination of lines may be selected automatically from a master and reproduced on one or more copies. Unit of Copease Corporation handles paper from 13 lb. to 2-ply card stock up to 17x14", has automatic flood-proof fluid control and roller fluid feed. Foot control leaves both hands free. Copease-Banda spirit duplicating line offers 25 different models for general and systems needs.



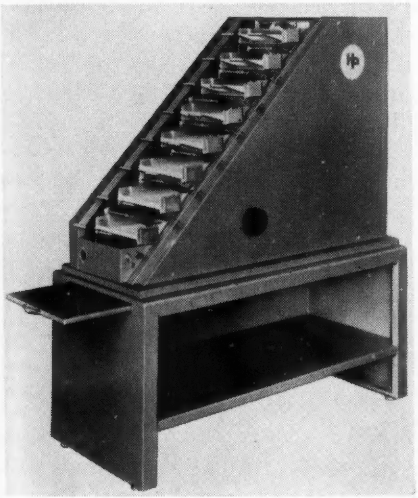
Add-O-Matic

647 Both electric and manual models comprise the ADD-O-MATIC line of portable, full keyboard Adding Machines of R. C. Allen Business Machines, Inc. Providing from 5 col-



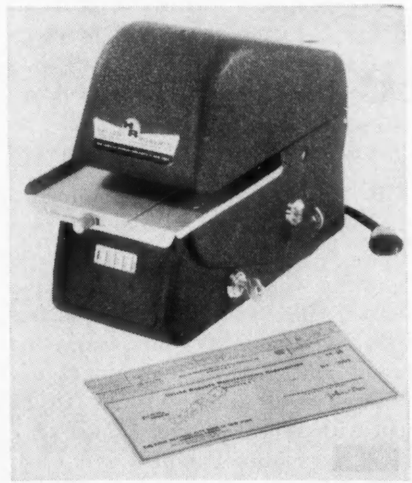
umn to 7 column listing capacities, the economical units feature large print, visible dials, subtract items in red, automatic clear signal. Compact size, modern design are other features. Model 606 (illustrated) is a hand-operated machine, offers 6 column listing and 6 column total.

Heavy-Duty Collator



648 High-speed electric HALVERSON COLLATOR for gathering printed or mimeographed sheets brings together 8 sheets per second, says maker, Halverson Products Company, Inc. Finished sets of paper are stacked automatically in crisscross pattern, for easy pickup for stapling, binding or padding. Unit occupies but 20"x48" floor space, is 57" high. Quiet operation. Unit weighs 300 lbs.

Desk-Size Check Signer



649 Desk-size Electric Check Signer of ROBERTS NUMBERING MACHINE DIV. adds convenient size to features of the larger model. Five wheel counter, which unfailingly registers each time used, is tamperproof and keylocked separately to prevent use by unauthorized personnel. Foolproof signature plate is engraved in solid brass, can be removed in seconds or locked in position against possible fraud with a separate key. Adjustable arms quickly spot signature in any desired position for straight or voucher checks.

Plug-In Intercom

650 High-sensitivity Wireless Intercom of BENNETT LABORATORIES is simply plugged into any wall socket supplying 110-volt current, AC or DC, for communication between two points up to a mile apart. Monitor switch which permits unit to be set for "constant talk" makes it valuable for home use too. "Automatic squelch control," Alnico V magnet speakers for natural voice reproduction are other advantages. Housed in attractive-design shatterproof polystyrene case, device is approved by Underwriters Laboratories. Up to a dozen units can be used simultaneously, says maker.

ON THE

Personal Side

ROBERT J. KOHBERGER, secretary and treasurer, United States Tobacco Company, New York City, has been named a vice president. He also is a director of the company. A 42-year employee, Mr. Kohberger began in the accounting department, advancing progressively to head of the department, to assistant secretary and treasurer in 1923, director 1936, secretary and treasurer 1943. Mr. Kohberger is a director of National Tobacco Company, Ltd. of Montreal, secretary-treasurer of USTCO Products Corporation, which is a subsidiary of United States Tobacco.

LOUIS HELLERMAN, formerly vice president, Chemical Bank New York Trust Company, has become vice president, Sterling National Bank & Trust Company, Forest Hills, N. Y. Mr. Hellerman, a certified public accountant, is a member of the Textile Square Club.

SVEN B. KARLEN has been named controller, Columbia Broadcasting System, Inc., New York City. Most recently, Mr. Karlen had been vice president and general manager, Travelers Credit Service, Inc., New York.

JOHN R. HEERY has been named general customer relations manager, The United Illuminating Company, New Haven, to head the newly created department. He retains responsibility for credit and collections. A director of the National Association of Credit Management 1951-54, Mr. Heery also has served as chairman of the Public Utility Industry Group at the Credit Congress (Dallas, 1959).

J. R. HEERY

A 40-year employee of the Connecticut utility, Mr. Heery for the last 20 years has been at the head of the customer accounting department.

R. J. BURKE has been appointed to the newly created position of manager of branch operations, Wilson Sporting Goods Company, at River Grove, Ill., national headquarters, with responsibility for marketing, credit and general operational procedures of all sales divisions. He began with Wilson at San Francisco in 1930, becoming Pacific Coast credit manager before transfer to Chicago as general credit manager. Mr. Burke is a past director of the Credit Managers Association of Northern and Central California, the Credit Managers Association of Southern California, and the Chicago-Midwest Credit Management Association.

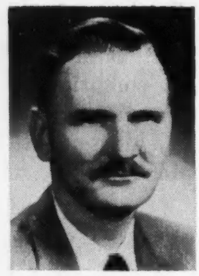
At the same time S. A. GUFREDA, West Coast district credit manager, succeeds Mr. Burke as general credit manager of the company. Mr. Gufreda also is active in credit profession progress. He holds the Fellow Award of the National Institute of Credit, is a director and chairman, board of governors, Industry Credit Groups of the Credit Managers Association of Southern California.

STANLEY F. KELMA has become regional credit manager, Bestwall Gypsum Company and Certain-teed Products Corporation, at Chicago Heights, Ill. The new credit office is one of six offices opened this year as part of Bestwall Certain-teed's decentralization program. Earlier Mr. Kelma was Chicago regional credit manager of Carson, Pirie & Scott Company.

ARTHUR R. THIEME, formerly with S & W Fine Foods Chicago division, has been named assistant credit manager at Bestwall Certain-teed.

In promotions at James Talcott, Inc., New York City, THOMAS J. MCGANN and SIGURD B. SALVESEN advanced to vice presidents and JOHN DUNCAN to assistant vice president. Mr. McGann, with Talcott since 1940, has been head of the retail and nonnotification factoring department since 1957. He is a member of Georgia Textile Men's Association, New York Credit and Financial Management Association, and Toppers Credit Club.

R. J. KOHBERGER



S. F. KELMA

R. J. BURKE

S. A. GUFREDA

T. J. McGANN

S. B. SALVESEN

Mr. Salvesen, a specialist in import-export accounts, began with Talcott in 1924, became assistant vice president in 1947. Mr. Duncan headed Talcott's commercial instalment financing department before it became a separate division of the company last year.

BENJAMIN H. ASKEW, former director of statistics and economics, has been appointed assistant to the treasurer, International Business Machines Corporation, New York City.

LOUIS HELLERMAN has become vice president, Sterling National Bank & Trust Company of New York. He went with Sterling from Chemical Bank-New York Trust Company, of which he had been a vice president. He is a member of the Textile Square Club and New York Credit & Financial Management Association.

ROBERT J. YOUNG has been appointed credit manager, Reichhold Chemicals, Inc., White Plains, N. Y.

Douglas A. Elliot, manager of the credit department since 1952, has been named assistant cashier, Continental National Bank of Fort Worth, Texas. At the same time, Michael E. Price, credit analyst, was named assistant cashier.

Mr. Elliot is a director of the Fort Worth Association of Credit Men and the Fort Worth Retail Credit Managers Association.

John E. Bethel has been named secretary-treasurer, The Carter-Waters Corporation, Kansas City, Mo. He fills the vacancy created by the death of Paul J. Kirner, treasurer. Mr. Bethel continues to serve as credit manager of the company, with which he began in 1950.

Mrs. Dortha Betts has been appointed credit manager, Baron Steel Company, Toledo, to succeed Lawrence J. McKibbin, resigned. Mrs. Betts is past president of the Toledo Credit Women's Group, past member National Credit Women's Executive Committee, and member and former director of the Credit Association of Northwestern Ohio.


J. E. BETHEL


MRS. BETTS


D. A. ELLIOT


A. E. DuBOIS


K. J. HOWE


R. E. WHITELEY

Allen E. DuBois has been advanced from district credit manager to general credit manager of Hygrade Food Products Corporation, at the Detroit executive offices. From banking, Mr. DuBois went in 1946 with Hygrade and was assigned variously to plant operations and quality control, sales, and factory branch management until appointment to the executive office credit department in 1954.

Robert E. Whiteley has been named assistant treasurer, Fairbanks, Morse & Company, Chicago. He began in 1936 in Chicago Branch accounting department and since 1950 has been general credit manager of the company at Chicago headquarters.

Karl J. Howe has been appointed manager Atlanta service department of American Credit Indemnity Company of New York. He is a member of the Georgia Bar.

David M. Brush has been appointed to the newly created post of assistant to the treasurer, General Foods Corporation, White Plains, N.Y. Formerly he was vice president and treasurer, Seatrain Lines, Inc., New York City.

George H. Krause has been advanced to credit manager, Consolidated Electrodynamics Corporation, Pasadena, Calif.

Raymond J. Barber has been appointed controller for Raytheon Company's semiconductor division, Waltham, Mass. Earlier he had been vice president, treasurer and a director of Savage Arms Corp., Springfield, Mass.

Richard P. Palmgren has become assistant credit manager, CBS Electronics, the manufacturing division of Columbia Broadcasting System, Inc., Danvers, Mass. He had been credit manager, Commonwealth Shoe & Leather Company, for ten years.

Howard R. Mayer has been appointed vice president in charge of marketing, Henry & Henry, Inc., Buffalo, N.Y. A 20-year veteran of the company, Mr. Mayer has been vice president and assistant to the president since 1958. He is treasurer of the National Bakery Suppliers Association.


B. R. ENG


D. H. TYSON

Bjarne R. Eng has been named vice president, Fairbanks, Morse & Company, Chicago. He retains his responsibilities as controller.

Donovan H. Tyson has become treasurer of the newly organized National Semiconductor Corporation, Danbury, Conn. Mr. Tyson most recently was vice president and treasurer of Allen B. DuMont Laboratories, Inc.

Terrance Hanold, principal financial officer of The Pillsbury Company since May 1959, has been named administrative controller. He assumes the controllership responsibility in addition to his present duties. He began with the company in 1946, became treasurer at Minneapolis headquarters in 1956.

Stanley S. Banker has been appointed Louisiana correspondent of James Talcott, Inc., at New Orleans. He formerly was vice president and credit manager of Great Southern Development Company, New Orleans.

Lon E. Bechtold has been promoted to central credit manager, LeTourneau - Westinghouse Company, Peoria, Ill. He began with L-W in 1956 as export credit supervisor.

Seymour Rosenberg has advanced to assistant vice president, Inland Credit Corporation, New York City.

Three who have been named vice presidents in the international department of The Chase Manhattan Bank, New York, are: Glenn C. Bassett, Jr., James W. Bergford and James W. Watts, all former assistant vice presidents at the head office. Mr. Bassett is in the Latin-American division, Mr. Bergford and Mr. Watts in the European division.

Fred S. Fischer has been appointed to the newly created post of manager-credit control for Columbia Broadcasting System, Inc., New York City.

BUSINESS 1960

GEORGE W. COLEMAN

(*Concluded from page 12*)

prevailing together with the shortage of money will reduce the level of housing starts. This forecast is concurred in by most analysts. The impact of high interest rates on commercial borrowing is somewhat more difficult to determine. There are rumors that businessmen are avoiding borrowing, that they are letting someone else carry the inventories. This may, of course, be true, and if it is, the seasonal decline in bank loans in 1960 may be somewhat greater than usual.

The real problem is to determine the investment policy of business enterprise. Capital spending has risen sharply. Some preliminary surveys indicate that business spending will be higher than in 1959 although still not reaching the level of 1957. It is felt that industrial capacity is sufficient and that further rapid expansion is not necessary. Therefore, they find that such expenditures will not advance appreciably. If this is true, it is still another argument for believing that interest rates will decline.

Investment Expansion a Factor

This country has experienced over the last 15 years periods of inflation. Most people agree that the early portion of the inflation was due to the method of financing the war. The inflation since that time has been widely discussed. Some have felt that the rise in prices was due to labor pushing costs up; others attribute it to traditional factors. Actually, labor has probably been accused of more than it is guilty of. The current studies of inflation now seem to indicate that a great part of the recent inflation was due to the expansion in investment which drove prices up, and these price advances were "translated" to the rest of the economy.

To determine, therefore, whether there will be a further advance in prices, it is necessary to decide whether any unusual demand will occur which will result in a substantial shift in the allocation of resources. It is clear that the investment demand will not show the spectacular increase which took place from 1955 to 1957.

In spite of the fact that expenditures for national defense are likely to increase, it is improbable that even here the shift in the use of resources will be great enough to induce inflation. It is already clear that residential construction will decline and other construction will not show any particular gain. This means that no unusual shift in the demand will take place in the entire investment sector of the economy.

Consumer expenditures could be one area in which demand could change in such a way as to induce price advances. It seems most unlikely in this case because excess capacity exists for the supply of most consumer goods. While a substantial advance in consumers goods expenditures would undoubtedly favorably affect employment, it seems less likely that it would have an inflationary impact. Those analysts, therefore, who expect little inflation in 1960 and actually some decline in many cases, would certainly be correct on the basis of previous postwar business cycles.

This method of looking at the problem of the economy is different from that usually employed. Rather than trying to build an internally consistent model which will give figures, this analysis stresses the forces now at work in the economy. Lest there be any misunderstanding, I want to make it clear that business activity will continue at a relatively high level at least through the first six months. There is a possibility that a downturn will occur sometime in mid-year, but it will be cyclical rather than serious. It will be a period of hesitation in the normal secular trend of growth.

The danger of such an analysis as this is that some important factor in the economy has been overlooked. One factor that should be stressed is the possibility that over the next five years the free nations of the world will embark upon a program of aid to smaller nations. In this way the American economy may be more closely linked to the world economy than ever before. This prospect may mean greater wage and price sensitivity and shifting demands, as well as a slow change in the types of goods from the producers in many countries.

WILLIAM A. PATON

(*Concluded from page 8*)

scale—more youngsters and more oldsters—a great increase in productivity on the part of those in the work force will be required if a declining average standard of living is to be avoided. And restrictions on "child labor", the earlier retirements, shorter work weeks, longer vacations, more soldiering and featherbedding—all familiar features of the current scene—don't point in this direction.

Then there is the fact that the baby doesn't bring along with him the endowment of capital goods—plant and equipment—which must be put at each individual's disposal when he joins the producing ranks if even the present level of output per person is to be maintained.

Here is a matter of grave importance. Plant and equipment don't grow on the bushes or appear as a result of rubbing a magic lamp; the basic processes of saving and investment are required. But capital formation is being retarded by high tax rates, inadequate depreciation deductions for tax purposes in the face of continuing increases in replacement costs, and the general popularity of the Keynesian view that consuming rather than saving is the road to prosperity. The inadequacy of the volume of saving is being currently evidenced by the abnormally high level of interest rates.

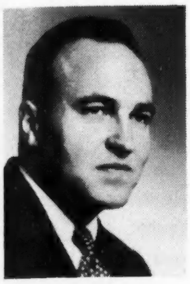
The increasing pressure of foreign competition on American producers—clearly seen in expanding imports, a discouraging export showing, and a continuing drain on our gold stock—is another factor that is cause for anxiety. We needn't deplore economic recovery and increasing efficiency in West Germany, Japan and elsewhere, but we must recognize that unless we maintain a high level of capital formation (to make possible continuing and accelerating technical development— "automation") and mend our ways with respect to labor efficiency, we will shortly be in a bad way in many lines of business, to say nothing of the crucial matter of holding our own with respect to military strength. Continuation of the "foreign aid" program on a huge

scale, it may be noted, is incredible folly under existing conditions.

The prospect of continuing inflation, rooted in the scale of governmental expenditures, is another cause for alarm. The spenders still appear to be riding high.

In the light of the overall situation the conclusion seems to be justified that the outlook for 1960 is something less than rosy.

Another Boom Year Ahead for In-Process Metals Industries



GEORGE R. VILA
Group Executive Vice President
United States Rubber Company
New York, New York

ALL SIGNS point to the conclusion that 1960 will be another boom year for in-process metals. Gains are anticipated in rubber, chemicals, plastics and metals. Only textiles are expected to remain at approximately the level reached in 1959, but this is still encouraging, for 1959 became a textile boom year.

We estimate rubber industry sales in 1959 at $6.2 billions, a 16 per cent increase over 1958, and 1960 sales at $6.75 billions, 8 per cent over 1959.

We expect that total textile industry sales for 1960 will hold at the $15.1 billion level of 1959, which was 21 per cent over 1958.

The broad demand for chemicals and allied products has caused this section of industry to grow at an over-all rate directly comparable to the increase in the Gross National Product.

We estimate total sales in 1959 at $25.5 billions, an increase of 10 per cent over 1958, and a rise of 6 per cent in 1960.

The plastic industry's sales will continue to rise in 1960, but probably at a slightly slower pace, with total production at 6 billion pounds, approximately 10 per cent above 1959.

The steel industry is generally looking for a 1960 ingot production level of 127 million tons, a 19 per cent increase over the estimated 107 million tons for 1959. This 1960 forecast means steel production would be at an all-time high.

The aluminum industry is predicting another record year with consumption reaching 2,300 thousand tons, 7 per cent over the estimate for 1959.

The copper industry is in a recovery cycle, and the upswing is expected to continue into 1960.

Both the lead and zinc industries are in the early stages of recovery from decline in 1957 and 1958.

EXECUTIVES WHO PARTICIPATED IN PRE-ANALYSIS OF BUSINESS 1960

ARTHUR F. BOETTCHER, senior vice president The Boatmen's National Bank of St. Louis, is president of Robert Morris Associates, which in 1953 had honored him for distinguished service. Graduate of St. Louis University school of commerce and finance, also of American Institute of Banking and instructor for five years in its St. Louis Chapter, Mr. Boettcher has spent all his business career with Boatmen's National. He became vice president in 1944, a director in 1947, senior vice president 1958.

CARL V. CESERY, president and general manager Jacksonville (Fla.) Tile Co., is also president of NACM North Florida Association, president-elect of Kiwanis Club of South Jacksonville. He is past president Tile Contractors Association of America, Inc., and now on its board and executive committee. Past president National Terrazzo & Mosaic Association, he heads its national promotion-development committee.

GEORGE W. COLEMAN, economist Mercantile Trust Co., St. Louis (formerly Mississippi Valley Trust Co., which he had joined in 1939), received his Ph. D. in economics from the graduate school of Washington University (A.B., Nebraska U., also undergraduate work at Nebraska U. and Columbia U.). From 1934 to 1939 he was assistant professor in economics at Washington U. Dr. Coleman is author of the bank's Weekly Business Summary. His comment is from his address to the Quad State Conference, Quincy, Ill.

BRYANT ESSICK, president Essick Manufacturing Co., Los Angeles, attended California Tech., was graduated in mechanical engineering from Massachusetts Tech and holds a doctor of laws degree from Pepperdine College. He is chairman of The T. L. Smith Co. and Sterling Machinery Co., president of The Essick Foundation and treasurer West Coast Pipe & Steel Co. He is past chairman of the RFC advisory board, was on the advisory board of the Export-Import Bank, and at Geneva in 1956 was industry representative on treaties on tariff and trade. He is past chairman Los Angeles Federal Reserve Bank board.

WALTER E. HOADLEY, JR., treasurer Armstrong Cork Co., Lancaster, Pa., joined the company as economist in 1949, after seven years as senior economist of the Federal Reserve Bank of Chicago and service on the faculty of the school of banking of the University of Wisconsin. Holder of a Ph. D. in economics from the University of California, he has authored many published articles and has served in Government and national business organization posts.

FRANK W. JENKS, president International Harvester Co., Chicago, began with the company in 1914 in the office, and after periods as assistant branch manager, branch manager, assistant district sales manager, he became credit manager in 1933 and served as credit and collection manager 1941-44. He was successively vice president and executive vice president before election to the presidency.

AARON P. LEVINSON, president The Levinson Steel Co., Pittsburgh, had joined the company in 1934 in the shipping department. At the age of 35 he was elected president. In 1953 Time Magazine and the Chamber of Commerce named him one of Pittsburgh's "100 Leaders of Tomorrow." His active interests in civic organizations, local, state and national, are legion.

WILLIAM A. PATON, Ph. D., Litt. D., professor emeritus accounting and economics, University of Michigan, is visiting professor of accounting, graduate school of business, University of Chicago. He is author or co-author of a score of books, writer of more than 100 published articles on business, a trustee of Earhart Foundation and the Foundation for Economic Education, a director of Kalamazoo Vegetable Parchment Co. He was moderator of the panel discussion on "Credit, Money Supply and Recession" at NACM's Detroit convention in 1958.

W. R. THOMAS, vice president for finance, Cutter Laboratories, Berkeley, Calif., started his business career with General Mills (1941-42) as an accountant. While in Navy service he attended Harvard Business School. He went to Cutter Laboratories in 1945 as budget and reports manager, advanced to assistant controller, to controller, director of finance, and in late 1957 to his present post. He is a graduate of the University of California and has been an instructor at Golden Gate College. Mr. Thomas is a director and past president San Francisco Control, Controllers Institute of America; past president East Bay Chapter, National Association of Accountants, and former national director NAA.

GEORGE R. VILA, group executive vice president United States Rubber Co., N. Y., is graduate Wesleyan University and Massachusetts Tech. After three years with Boston Woven Hose & Rubber Co. he joined Naugatuck Chemical in 1936 and became development manager of the synthetic rubber department. After special study in Germany he initiated research which led to development of cold GR-S rubber. He successively was named assistant general development manager of U. S. Rubber's Naugatuck Chemical and synthetic rubber divisions, a sales manager, Naugatuck's general sales manager, then its assistant general manager, U.S. Rubber vice president and Naugatuck general manager.

CHARLES N. WURSTEISEN, president and treasurer Dameron Pierson Co., Ltd., New Orleans and Baton Rouge, has been with the company since 1916, excepting overseas service in World War I. From auditor he advanced in sequence to secretary-treasurer, vice president and secretary-treasurer, president. He is a past vice president of the New Orleans Credit Men's Association and past president New Orleans Chapter, National Office Management Association.

ROGER A. YODER, vice president-finance Detroit Steel Corp., is president of the Controllers Institute of America. He was graduated from Millikin University and, after an interlude as salesman for Northern Paper Mills, Green Bay, he did graduate work in business administration at the University of Illinois. He joined Ernst & Ernst in Detroit as a staff accountant, became a CPA, and left in 1940 to become financial and accounting officer of Detroit Steel Corp. From controller and then secretary-treasurer he advanced to his present post in 1956. He has been a director since 1944.

Trends

in commerce

in industry

in finance

10% More for New Plants

INDUSTRY will expend 10 per cent more this year than last on new plants and equipment, for a total of $37.3 billions, says Dexter M. Keezer, vice president and director of McGraw-Hill Publishing Company's department of economics, reporting on a survey. He said business, overall, had already planned to spend $34.6 billions in 1961. The steel strike reduced the estimates for the directly affected railroad and nonferrous metals industries. Some of that contemplated outlay carries over to this year's programs.

The Wrong Approach?

ARGUING that the wage-price spiral and deficit spending are the causes of inflation today, whereas 1929's problem was credit inflation with "too much money going into stock market speculation," Leslie Gould, financial editor of the New York *Journal-American*, says the Federal Reserve and the tight money policy are on the wrong tack.

The amount of credit used to carry shares on the New York Stock Exchange in 1929 approximated 10 per cent, whereas today it is only about 1 per cent, says the columnist.

Proof Up to Inflationists

IF INFLATION is the price to be paid for economic progress, the inflationists will have to prove their claim, comments Casimir A. Sienkiewicz, chairman, committee for growth without inflation, American Bankers Association.

Charts in a booklet on economic trends in the United States and Western Europe "lend no support to the theory that the goals of price stability and vigorous growth are incompatible," says Mr. Sienkiewicz, president of the Central-Penn National Bank of Philadelphia, in a foreword.

Tax Paperwork Worsens

THE BURDEN of paperwork in complying with tax laws and regulations could be considerably reduced but is more likely to grow more oppressive, said most executives cooperating in a survey of 222 manufacturing companies by the National Industrial Conference Board.

Forty companies of 127 responding estimated the 1958 cost of keeping records and preparing, filing and contesting federal, state and local tax returns at 3 per cent or more of the total tax bill; 46 companies estimated 1 to 2 per cent. And the cost appeared proportionately greater for the smaller companies.

Almost one-half the companies, employing 1,000 or more, maintain a separate tax department. Many large corporations have two or three tax staffs.

Research Budgets Up 12%

BUDGETS of business for research and development average 12 per cent above the 1958 record, American Management Association finds in a study of close to 600 corporations. Increases were made in 1959 by 64 per cent of the companies replying; 8 per cent reported no change, 28 per cent less outlay. The automobile industry led with 32 per cent increase; only the miscellaneous machinery and parts group registered a decline.

Wanted: 5,600 Executives

MORE THAN 5,600 top executives will be needed by major industry within six months, says William A. Hertan, president of Executive Management Corporation, New York, announcing results of a survey of 1,700 companies.

Most (83.4 per cent) will fall in the minimum executive salary range of $10,000-$20,000.

Chemical Output Rise

DESPITE growing competition from Red Russia and Western Europe, chemical industry productivity will double in the next 10 years, marketing executives believe.

The chemical industry's annual growth rate will be 6 per cent compared with general industry's 4 per cent, said F. A. C. Wardenburg, director of advertising, E. I. duPont de Nemours & Co., in a symposium for the American Chemical Society's annual meeting.

Retired, Now Consultants

HALF of the 278 manufacturing companies participating in a study by the National Industrial Conference Board showed retired executives serving as consultants to the concerns because of "the experience and judgment they can contribute." Many others, however, took the opposite view, citing possible lack of incentive of retired officers, negative effect on the morale of their successors.

No Miracles

WHILE "no miracles can be expected" in increasing the rate of expansion of the economy, there can be improvement through balanced budgets and tax revisions in the opinion of Henry C. Wallich, who succeeded Prof. Paul W. McCracken on the President's Council of Economic Advisers.

"A budget surplus", he told a University of Michigan business alumni conference, "at a time of high economic activity, would make available to the capital market additional funds that could go into productive investment" and "help the monetary authorities in their efforts to restrain inflationary pressures."

Ernest A. Rovelstad

You and Your Industry Group to Meet May 17 At St. Louis to Increase Your Profit Volume

By PETER J. WILDER
Credit Manager
Century Electric Co. of St. Louis

General Chairman
Industry Meetings Committee

TECHNICAL and managerial knowledge necessary to do a better job is acquired by credit executives who attend Industry Group Meetings at the Annual Credit Congresses. That has been the invariable experience in the history of the National Association of Credit Management, and the programs now being lined up for this year's gathering insures sessions replete with values for credit manager "know-how."

Industry Meeting Day May 17

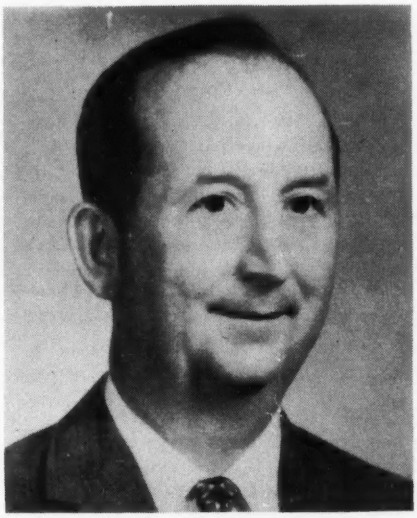
Tuesday, May 17, is Industry Meeting Day at the 64th annual convention, St. Louis. These Industry sessions group together credit executives, in related industries, who collectively manage billions of dollars of credit sales for their companies. Here they participate in panel presentations of credit management skills, and roundtable discussions, or listen and ask questions of authoritative speakers on subjects of current interest. A spirit of fellowship exists, and the veterans as well as the newcomers to the profession display an eagerness to learn or to contribute from their own experiences.

Sharpen Your Working Tools

Education is a continuing process, and this is an opportunity to sharpen the working tools of credit operation or to recapture skills personnel may not have been using. In addition to information gained, the renewal of personal acquaintances with other credit executives within their industry, and the new fellowships are of inestimable value.

Make plans now to attend. You will return to your desk refreshed and with a broader viewpoint.

Following are the names of the chairmen, vice chairmen and members of the committees who are busy arranging programs for their Industry Meetings:



GRADUATE of St. Louis University school of commerce and finance, P. J. Wilder started with Century Electric Company, St. Louis, in 1949 as credit manager, after several years in public accounting as well as a period as credit manager for a previous employer. Mr. Wilder is a past president and director of the St. Louis Association of Credit Management. He received the Fellow Award of the National Institute of Credit in 1939.

Advertising Media

Chairman—Arthur F. Gerecke, Pulitzer Publishing Co., St. Louis.

Vice Chairman—V. R. Weburg, *The Rocky Mountain News*, Denver.

Committeemen—James M. McDaniel, Indianapolis Newspapers, Inc., Indianapolis; C. W. Pierson, Minneapolis Star & Tribune Co., Minneapolis; Clifford D. Scherer, Houston *Post*, Houston.

Secretary-Treasurer—Harry E. Hull, Detroit *News*, Detroit.

Automotive

Chairman—Robert L. Hughes, Gould National Batteries, Inc., St. Paul.

Co-Chairman—Joseph V. Vallero, National Auto Supply Co., East St. Louis, Ill.

Vice Chairman—Lester C. F. Rothgeb, Foster Auto Supply Co., Denver.

Committeemen—Wm. B. Behrens, The Randall Co., Cincinnati; Robert Johnson, Norton Company, Worcester, Mass.; Mrs. Lawana Jones, Vans Auto Supply Co., Oklahoma City.

Councillor—Alvin H. Tanner, Hart's Automotive Parts Co., Chattanooga.

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Vice Chairman—Raymond C. Erickson, Denver United States National Bank, Denver.

Committeemen—George I. Baggott, Manufacturers Bank & Trust Company of St. Louis, St. Louis; George W. Brown, First National Bank of Fort Worth, Fort Worth; Walter B. Dow, Harris Trust & Savings Bank, Chicago; Charles H. Fritscher, The Bank of New York, New York; Walter A. Heidell, First National Bank in St. Louis, St. Louis; R. L. Maguire, The Boatmen's National Bank of St. Louis, St. Louis; Arthur E. Poth, Mercantile Trust Company, St. Louis; Robert J. Sterling, Union National Bank of East St. Louis, East St. Louis; K. Stanley Thompson, American Trust Company, San Francisco; Stephen J. Wirtz, The Omaha National Bank, Omaha.

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Vice Chairman—H. T. Drescher, National Distillers & Chemical Corp., New York, N. Y.

Committeemen — Oscar F. Christman, Falstaff Brewing Corp., St. Louis; W. Stanley Ellison, The American Distilling Co., Pekin, Ill.; William A. Richars, McKesson & Robbins, Inc., St. Louis.

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Vice Chairman — Clark R. Gittings, Gittings Lumber Co., Inc., Denver.

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Recording Secretary—Mrs. Clare Gincel, The Givaudan Corp., New York.

(Continued on next page)

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Chairman—Miss DOROTHY MUZYNSKI, M. J. Holloway & Co., Chicago.

Vice Chairman—WARD B. LOWE, Curtiss Candy Co., Chicago.

Committeemen—NEIL J. CASHMAN, Leaf Brands, Inc., Chicago; H. J. CHRISTOPHERSEN, E. J. Brach & Sons, Chicago; GORDON FLEMING, Brock Candy Co., Chattanooga

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Vice Chairman—DANIEL E. WEBER, Davis Bros., Inc., Denver.

Committeemen—Miss IRENE HARRIS, McKesson & Robbins, Milwaukee; HARRY J. KLEIN, Merck Sharp & Dohme Co., Philadelphia; J. W. STICKLEY, Plough, Inc., Memphis; ROLLO THURLOW, Fox-Vliet Drug Co., Wichita.

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Vice Chairman — HOWARD W. BODE, Glasco Electric Co., St. Louis.

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Electrical and Electronics Manufacturers

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A. F. GERECKE

E. L. HEYDE

R. L. HUGHES

J. V. VALERO

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Co-Chairmen—PAUL C. BAICHLY, Ralston Purina Co., St. Louis; GEORGE L. RADIE, Dixie Mills Co., East St. Louis.

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Vice Chairman—R. K. HANCOCK, Carpenter Paper Co., Denver.

Committeemen — GEORGE KNAPP, JR., Tobey Fine Papers, Inc., St. Louis; JAMES R. McCOY, Century Paper Co., Indianapolis; M. H. MOTSCHMAN, Reliable Paper Co., Chicago; HAROLD H. WADLEIGH, Acme Paper Co., St. Louis.

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Vice Chairman—GENE STARN, Aluminum Western Co., Denver.

Committeemen—RUBY N. BURBANK, Virtue Bros. Manufacturing Co., Los Angeles; GLENN E. CARLSON, Arcliff Company, Inc., St. Louis; Mrs. MADELINE S. THOMAS, Hightstown Rug Co., Hightstown, N. J.

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Vice Chairman—GEORGE SPILLANE, Beatrice Foods, Denver.

Committeemen—A. B. KEEN, John Sexton & Co., Chicago; CLETUS J. MOLL, General Meat Co., St. Louis; E. A. YUNGERMANN, Pevely Dairy Co., St. Louis.

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Chairman—DELBERT G. PATTERSON, Yawman & Erbe Mfg. Co., Inc., Rochester, N. Y.

Vice Chairman—TONI P. MAIER, Sargent & Greenleaf, Inc., Rochester.

Committeemen — ERNEST W. DREGER, American Machine Foundry, Hammond, Ind.; J. PAUL HARRELSON, Faultless Caster Corp., Evansville; GLEN C. NEAL, Rubbermaid, Inc., Wooster, Ohio.

ROY LANPHERE

R. L. BUCKLEY

P. C. BAICHLY

GEORGE RADIE

Hardware Wholesalers

Chairman — GEORGE SCHWEIGHOEFER, Witte Hardware Corp., St. Louis.

Vice Chairman—V. C. BARNHART, Mine & Smelter Supply Co., Denver.

Committeemen — JAMES W. ALLEN, Wayne Hardware Co., Fort Wayne; S. H. JOHNSON, JR., Moore-Handley Hardware Co., Inc., Birmingham; MACK LANDRUM, Oklahoma Hardware, Oklahoma City; NORMAN NYE, Century Hardware Corp, Milwaukee; W. H. VAN DUZER, Rose, Kimball & Baxter, Elmira, N. Y.

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Vice Chairman — RALPH H. MULLANE, Liberty Mutual Insurance Co., Boston.

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Secretary — CHARLES S. COOPER, Fireman's Fund Insurance Group, New York.

N.A.C.M. Staff Representative—ROBERT L. ROPER, asst. secty., National Association of Credit Management, New York, N. Y.

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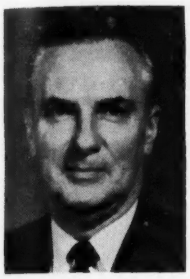
D. J. FOGARTY

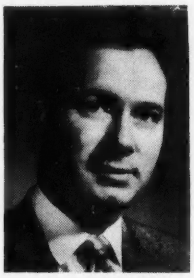
M. J. WIED

G. T. COWAN

R. H. MULLANE



S. M. COLE



D. G. PATTERSON

Vice Chairman—T. R. AURELIUS, Colorado Fuel & Iron Corp., Denver.

Committeemen—H. J. EGLE, Aluminum Company of America, St. Louis; CHARLES L. HENRY, Granco Steel Products Co., St. Louis; MELVIN E. KYFUS, Chase Brass & Copper Co., Inc., St. Louis; W. H. MANIETT, JR., Marsh Steel Corp., Denver; WILLIAM C. SCHWEER, Laclede Steel Co., St. Louis; JOHN TWEDDALE, U. S. Steel Supply Div., U. S. Steel Corp., St. Louis.

Machinery and Supplies

Chairman—T. G. SENN, Colcord-Wright Machinery & Supply Co., St. Louis.

Vice Chairman—W. WARREN CULPEPPER, H. W. Moore Equipment Co., Denver.

Committeemen—ELLEN B. COULAM, Airsco Rubber Products of Dallas, Inc., Dallas; SOREN O. SUNDELL, T. S. McShane Co., Inc., Omaha; HARRY B. WHEELER, The Warner & Swasey Co., Cleveland.

Meat Packers

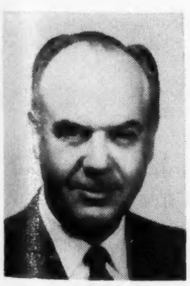
Chairman—OTTO E. DEDE, Krey Packing Co., St. Louis.

Vice Chairman—A. A. KERSTEIN, Pepper Packing Co., Denver.

Committeemen—W. CARL FISHER, East Tennessee Packing Co., Knoxville; LEO W. RECHTIEN, Heil Packing Co., St. Louis; CARL F. WITTA, Agar Packing Co., Chicago.

Oil Field Services and Supplies

Chairman—FRED J. BARNETT, Sivalls & Bryson, Inc., Kansas City, Mo.



R. W. DURRETT

O. E. DEDE

Co-Chairman—NEIL R. SHAW, Schlumberger Well Surveying Co., Denver.

Committeemen—MARSHALL ALEXANDER, National Supply Co., Tulsa; DONALD F. BRINGAZE, Dowell Div., The Dow Chemical, Tulsa; D. T. BROOKS, Schlumberger Well Surveying Co., Houston; H. L. RICHARDSON, JR., Baroid Div., National Lead Co., Houston; K. H. ROOT, Ford Alexander Corp., Whittier, Calif.

Paint, Varnish, Lacquer and Wallpaper

Chairman—HARRY E. DAVIS, National Lead Co., St. Louis.

Vice Chairman—GEORGE KILLAN, Kohler-McLister Paint Co., Denver.

Committeemen—ARTHUR C. BIRCH, Benjamin Moore & Co., St. Louis; WALTER A. SKIPPER, Stebbins & Roberts, Inc., Little Rock; P. JAMES STOKES, Lilly Varnish Co., Indianapolis.

Paper Products and Converters

Chairman—DONALD E. MILLER, Gaylord Container Corp., Div. of Crown Zellerbach Corp., St. Louis.

Vice Chairman—CLARENCE G. KATZKE, Katzke Bros. Paper Co., Denver.

Committeemen—OMAR H. ANDERSON, Container Corporation of America, San Francisco; WILLIAM H. BRYAN, Alton Boxboard Co., Alton, Ill.; HAL SCHROEDER, Marathon Corporation, Menasha, Wis.

Petroleum

Chairman—W. J. HABKIRK, The British American Oil Co., Ltd., Toronto, Ont.

Vice Chairman—H. W. DUGDALE, Shell Oil Co., Detroit.

Committeemen—H. J. DENMAN, American Petrofina Co. of Texas, Dallas; J. R. GRAMONT, Standard Oil Co. of Calif., Western Operations, Inc., Los Angeles; G. J. TIMONE, The American Oil Co., New York.

Program Committee—

Chairman—R. W. MAUTZ, Shell Oil Co., Clayton, Mo.

Committeemen—E. B. HARRYMAN, Continental Oil Co., Clayton; ROY C. HODGE, Phillips Petroleum Co., St. Louis; P. L. PASTIRAN, Cities Service Oil Co., Clayton; WAYNE I. TYLER, Standard Oil Co. (Ind.), St. Louis.

Photographic Manufacturers and Distributors

Chairman—DAVID G. MOSES, Graflex, Inc., Rochester.

Vice Chairman—ROBERT H. GROPPE, Arel, Incorporated, St. Louis.

Committeemen—T. H. FLOOD, General Electric Lamp Division, Chicago; MRS. ARLENE M. GLASER, Radiant Manufacturing Corp., Morton Grove, Ill.; MISS JOYCE McCLELLAN, Lenco Photo Sales, Detroit.

Plumbing, Heating, Refrigeration and Air Conditioning

Chairman—A. W. SYRETT, E. E. Souther Iron Co., St. Louis.

Vice Chairman—R. C. KIMMEL, McCombs Supply Co., Denver.

Committeemen—E. D. BROGDON, Sloan Valve Co., Chicago; E. P. FUNCK, Grinnell Co., Inc., Kansas City, Mo.; V. H. HOUSE, York Houston Sales, Inc., Houston; S. E. KAPINSKI, Coleman Co., Inc., Wichita; OSCAR LAMPERTZ, Ahrens & McCarron, Inc., St. Louis; F. H. PEPMILLER, Grinnell Co., Inc., St. Louis.

Public Utilities

Chairman—GERALD R. McLAUGHLIN, Northern Illinois Gas Co., Aurora, Ill.

Chairman—Planning Committee—NORBERT M. SCHARF, Toledo Edison Co., Toledo.

Vice Chairmen—Planning Committee—ROBERT T. HERROLD, Ohio Fuel Gas Co., Columbus; CHARLES A. BURNS, Union Electric Co. of Missouri, St. Louis.

District Representatives—

Northeastern—JOHN R. HEERY, United Illuminating Co., New Haven.

Central East—THOMAS HANNON, Philadelphia Gas Works, Philadelphia; PAUL HANLON, Atlantic City Electric Co., Atlantic City.

Southeastern—T. J. IRELAND, Monongahela Power Co., Fairmont, W.Va.; W. R. BURKHOLDER, Louisville Gas & Electric Co., Louisville.

North Central—THOMAS FANNING, Michigan Consolidated Gas Co., Detroit; H. T. RYAN, Minneapolis Gas Co., Minneapolis; G. W. ERICKSON, Northern States Power Co., Minneapolis.

East Central—E. R. JOHNSTON, West Penn Power Co., Greensburg, Pa.; WALTER E. TRAVIS, Cleveland Electric Illuminating Co., Cleveland.

South—WALLACE WINGFIELD, Atlanta Gas Light Co., Atlanta; CLAUDE A. PARKS, Southwestern Electric Power Co., Shreveport.

Central—J. J. CUMISKEY, Kansas Gas & Electric Co., Wichita.

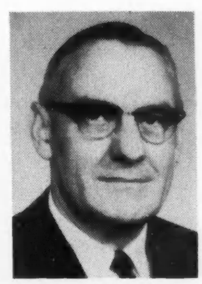
Western—J. W. MOTT, Arizona Public Service Co., Phoenix; E. F. BEATIE, Southern California Gas Co., Los Angeles.

Southwestern—WILLIE ST. JOHN, City Public Service Co., San Antonio.

Canadian—E. E. CHARTERS, Ontario Hydro-Electric Co., Toronto; ANTHONY DUSSAULT, Quebec Hydro-Electric Commission, Montreal.

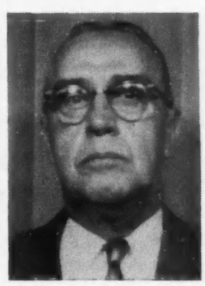
(Turn to next page)

F. J. BARNETT



N. M.SCHARF

J. B. FUNK



C. H. BOARDMAN

Textile

Chairman—JOSEPH B. FUNK, Textile Banking Co., New York.

Committeemen—THOMAS E. BAGGOTT, The Hanover Bank, New York; GEORGE E. GABA, J. P. Stevens & Co., Inc., New York; JOHN L. KAISER, Dan River Mills, Inc., New York; JOSEPH C. LOCASTRO, Commercial Factors Corp., New York; ERWIN A. SCHUTZ, Burlington Industries, Inc., New York.

Wearing Apparel and Footwear

Chairman—CHARLES H. BOARDMAN, Marx & Haas-Korrekt Co., St. Louis.

Vice Chairman—EDWARD HEINE, H. A. Seinsheimer Co., Cincinnati.

Committeemen—WM. D. ALMOND, Craddock Terry Shoe Corp., Lynchburg, Va.; ROBERT L. DUNAVANT, Curlee Clothing Co., St. Louis; JOHN HEER, Catalina, Inc., Los Angeles; MISS JULIA HOLZWARTH, Hilb & Company, Denver; HARRY WILKINSON, John B. Stetson Co., Philadelphia.

Jobless Pay Permanent

Six states—California, Connecticut, Idaho, Illinois, North Carolina and Vermont—have enacted permanent laws making benefits to idle workers automatic when unemployment reaches certain levels, says Commerce Clearing House.

***AT BANQUET** given by the Institute of Credit Management to members of NACM's Foreign Credit Interchange Bureau at the International Credit Conference in London (see CFM November 1959 p. 38). Left to right: Earl N. Felio, treasurer Colgate-Palmolive Co.; C. McNeil Greig, secretary Institute of Credit Management; Max Adamsky, secretary-treasurer D. C. Andrews & Co., Inc.; Clifford R. Rohrberg, vice president Morgan Guaranty Trust Company of New York; Philip J. Gray, FCIB director; and Sylvester F. Majestic, assistant vice president Chemical Bank New York Trust Co.*

Gray Addresses Triple Cities' 30th Anniversary Meeting

Highlights of the International Credit Conference in London, cosponsored by the Foreign Credit Interchange Bureau, National Association of Credit Management, and his subsequent credit visits to Paris, Hamburg, Scandinavian capitals and Haiti, Havana and the Dominican Republic, were presented in review by Philip J. Gray at the 30th anniversary observance of The Triple Cities Association of Credit Management, at Binghamton, N.Y.

Mr. Gray, NACM secretary and FCIB director, was guest speaker at the joint gathering of the Triple Cities unit (Binghamton, Johnson City and Endicott) with The Triple Cities Credit Women's Club.

Tribute was paid to the 22 past presidents of the association, including the late Arthur A. Kilmer, first president, elected in 1930 following preliminary plans launched at the annual meeting of the Scranton (Pa.) Association of Credit Men in 1929. William J. Barry is now president. Miss Dorothy Daniels heads the credit women's organization.

PERSONNEL MART

Sales-Minded Credit Manager

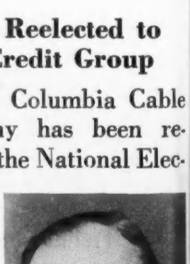
SALES and profit-minded Credit Manager. Twelve years experience at retail, wholesale and manufacturing levels. Versed in warehouse financing and operation of a leasing program. College graduate plus completion of many financial management courses. CFM Box #483.

Financial Executive Available

SEASONED Financial Executive, Administrator Available — Extended background corporate finance, credit management, and office administration. CFM Box #484.

Stanley Elmer Is Reelected to Head Electrical Credit Group

Stanley Elmer of Columbia Cable & Electric Company has been reelected chairman of the National Electrical Manufacturers Group, New York Credit Interchange Bureau of the National Association of Credit Management.



STANLEY ELMER

Thomas F. O'Donnell, Federal Pacific Electric Company, was named vice chairman. Committeemen are Kenneth W. Grace, Edwards Co.; George Reiter, Electrical Fittings Corp.; and Frank Englert, Ettco Wire & Cable Co.

New President

James L. McCauley

James L. McCauley is the new president of American Credit Indemnity Company of New York, Baltimore, following retirement of August F. Stone on December 1st, under the company's regular retirement program.

Mr. McCauley, who was executive vice president, had received his degree in economics from the Wharton School of Finance and Commerce, University of Pennsylvania.

On graduation in 1928 he entered the Baltimore office of the company as an agent. He was transferred to the Richmond agency office in 1934 and returned to Baltimore in 1940 as manager of the Maryland-Virginia agency department.

In August 1951 he was elected to the board of directors and three months later was advanced to executive vice president.

August F. Stone Honored by NACM's Insurance Council on His Retirement

AUGUST F. STONE (left), who retired December 1st as president of American Credit Indemnity Company of New York, Baltimore, was honored with a Certificate of Merit for his outstanding service to the insurance and credit professions, at the Fall Meeting of the Insurance Advisory Council, National Association of Credit Management. The presentation was made by George T. Cowan of Johnson & Higgins, New York, Council chairman.

Mr. Stone, who had joined the company in 1910 as an office boy in St. Louis, continued his schooling, attended St. Louis University and received his bachelor of law degree from Benton College of Law in 1922.

After World War I service he became an adjuster in the claims department in 1919, and was manager of the salvage department 1921-22. He was appointed assistant secretary in 1923 while associated with the underwriting department. Came advancement to secretary in 1938 and to membership on the board in 1944. Two years later he was named vice president in charge of underwriting.

On December 1, 1951, Mr. Stone was elected president of the company.

AT THE FALL MEETING of the National Insurance Advisory Council, National Association of Credit Management, in New York. FRONT ROW (l to r) William J. Davis, Copperweld Steel Co., Warren, Ohio; August F. Stone, American Credit Indemnity Co. of N.Y., Baltimore; George T. Cowan, chairman Insurance Advisory Council, Johnson & Higgins, New York; Charles S. Cooper, Council secretary, Fireman's Fund Insurance Group, New York; Edwin B. Moran, executive vice president, NACM, New York; David Q. Cohen, Association of Casualty & Surety Companies, New York.

BACK ROW: L. A. Fitzgerald, American Mutual Alliance, Chicago; Sidney Alexander, S. Stroock & Co., Inc., New York; E. C. Braynard, Jr., and N. W. Page, American Credit Indemnity Co. of N.Y., New York; Eugene F. Kane, American Credit Indemnity Co. of N.Y., Baltimore; Arthur J. Hand, U.S. Fidelity & Guaranty Co., New York; Harold Parker, Chase Manhattan Bank, retired, Scarsdale, N.Y.; Peter A. Zimmermann, The Surety Association of America, New York; Joseph J. Nemeth, E. H. Fishman, Inc., Cleveland; W. Bruce Cashmore, Alan Wood Steel Co., Conshohocken, Pa.; and Robert L. Roper, NACM legislative director and assistant secretary, New York.

Emphasis on Human Element Growing, Holmes Tells Ohio Valley Conference

EMPHASIS on the human element is coming more and more to the fore in determination of credit worthiness by commercial institutions, following a trend now dominant in consumer credit, said William L. Holmes, president of the National Association of Credit Management, at the opening luncheon session of The Ohio Valley Regional Credit Conference in Cleveland.

W. L. HOLMES

"Financial Management—Static or Dynamic?" was the theme of the 500 attending the two-day gathering, representing 16 credit associations of five states.

The trend toward emphasis on character in credit transactions, said Mr. Holmes, "has reached the point that nowadays, when a store extends credit, the character of the buyer, his standing in the community, is about all the credit manager wants to know."

While noting the trend is also true in banks, Mr. Holmes commented that commercial institutions' credit operations are still too closely limited by the yardsticks of balance sheets and financial ratios such as profit to sales, and liabilities to assets.

Lawrence T. Knier, executive manager, Robert Morris Associates, Philadelphia, gave the keynote address on "The Relationship between Mercantile and Bank Credit Executives in Financial Management."

A Workshop demonstration on "Customer Counseling" opened the afternoon session, with William P. Layton, NACM's director of education, as moderator. Panelists were C. M. Cook, credit manager Brown-Forman Distillers Corp., Louisville; E. H. Figush, assistant treasurer Grabler Mfg. Co., Cleveland; G. Rowland Wilson, manager of credits Jones & Laughlin Steel Corp., Pittsburgh; and J. E. Barber, general credit manager B. F. Goodrich Industrial Products Division, B. F. Goodrich Co., Akron.

"Our Climate—Its Effect on Our Lives and Business" was analyzed by the dinner speaker, William Scheele, director of the Cleveland Museum of Natural History. Presiding was Morris Richman, president of the Cleveland Association of Credit Management. Mr. Richman is treasurer of Burdett Oxygen Co. The invocation was by NACM director David H. Hotchkiss, assistant treasurer Petrequin Paper Co.

Concentration was on eight Industry Group meetings Friday morning.

At the closing luncheon the delegates heard an address by Mr. Layton on "Preparation — Your Stepping Stone to Better Credit Management", and a discussion of "People Who Need Talking To", by Dr. Warren Guthrie, professor of speech and chairman of the department at Western Reserve University.

At the 25th Anniversary dinner of the Cleveland Credit Women's Club the speaker was Marion Foster Smith, Saxonburg, Pa., on "Great Possessions".

It's a shame to waste a college education on a freshman who already knows everything.

—Banking

Bruce R. Tritton's Death Ends Long Credit Service; Headed NACM 1942-43

Death of Bruce R. Tritton, president of the National Association of Credit Management for the 1942-43 term, closed a long period of service that had begun in June 1921. He passed away in St. Luke's hospital, Cleveland, following a heart attack.

Mr. Tritton had been active in the St. Louis and Cleveland affiliates. He was elected president of the last-named in 1935 and served six two-year terms on its board of trustees.

He was named NACM director at the 1936 Credit Congress in Richmond, vice president Central Division at Toronto in 1940, reelected the following year at New Orleans.

Mr. Tritton started his business career with the Pennsylvania Railroad, Nickel Plate Road and Western Union Telegraph Co. In 1917 he became a clerk in the New Process Company, division of American Radiator Company. In his 37 years with these companies and their successor, Magic Chef Stove Company, he variously held many posts — cashier, division credit manager, division sales manager, general credit manager, vice president, director and member of the executive committee. He retired in 1954.

Edward W. Johnson Dies; Had Managed Portland Association

Credit and civic circles of the Northwest lost a leader with a record of many years of service to business progress with the death of Edward W. Johnson. For 27 years Mr. Johnson was executive vice president and general manager of the Portland (Ore.) Association of Credit Men, Inc., until he retired from that post in 1955.

On graduation from the University of Minnesota, Mr. Johnson had bought a store at Rockford, Minn., where he had been born May 10, 1885. In 1916 he became partner-manager of Miller, Calhoun & Johnson Company, Portland. When the business was sold in 1928 he was named executive vice president and manager of the Portland Association, which he guided to a prominent position as an affiliate of the National Association of Credit Management. Following retirement he continued to evince the strong interest in the organization which had won him the respect of business leaders nationwide.

Mr. Johnson was a director of the Chamber of Commerce, a member of the Rotary Club, and for 15 years a trustee of Westminster Presbyterian Church.

J. Paul Geoghegan

J. Paul Geoghegan, referee in bankruptcy, U. S. district court, Cincinnati, died after collapsing in the Federal Building. Partner in Geoghegan, Levy and Daly, Cincinnati law firm, he was appointed referee in 1953 after 13 years as a U. S. commissioner.

D. B. Sherwood Retires from Board of Fire Underwriters

After 41 years of service in the insurance business, Donald B. Sherwood, assistant general manager of the National Board of Fire Underwriters, has retired.

For eight years prior to that appointment in 1954 Mr. Sherwood was general adjuster for the National Board.

Earlier he was general adjuster of the Commercial Union Group, served as president of the Eastern Loss Executives Conference (now Loss Executives Association), and was on the advisory and conference committees of the Fire Companies Adjusting Bureau, Inc. (now the General Adjustment Bureau).

Educated at the University of Vermont, Mr. Sherwood began his insurance career with North British and Mercantile, became an examiner for Phoenix of London in the New York office, a few years later special agent for the Commercial Union Group in Vermont and New Hampshire. In 1929 he was transferred to special agent for metropolitan Boston and Rhode Island, thence to New York and assistant general adjuster.

Mr. Sherwood was administrator of the National Board's "Catastrophe Plan," under which supervisory offices are set up in disaster areas to expedite payment of large losses. He was also closely identified with the Board's arbitration plan and the development of Guiding Principles.

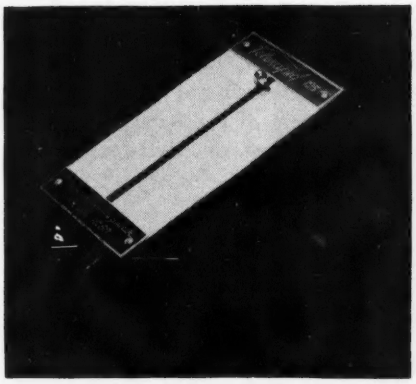
Factoring Plan Adapts Credit Card Principle

A new packaged credit approval plan for manufacturers, wholesalers or suppliers, the Suppliers Service Plan adapts the credit card principle to factoring.

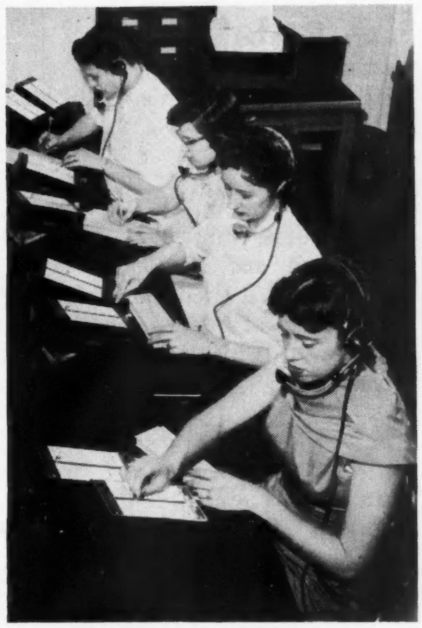
Its key feature, according to its originator, Wesley Simpson, president, Simpson Factors Corporation, New York City, is a simple, economical method offered the supplier to sell his accounts receivable without recourse to him for the net value of his invoice. SSP, having once purchased an account receivable, pays the member within 10 days after payment is received, Mr. Simpson stated.

The plan goes into effect on West Coast simultaneously through company's San Francisco office.

Built-in Memory Device Speeds Credit Data to Portland Association Office



The Telerapid 125.



400 Calls in Two Hours.

A DEVICE with a built-in memory that automatically dials telephone numbers is speeding the gathering of information for the Portland Association of Credit Men, Inc. The instrument, the Telerapid 125 (shown above) enables employees in the association office to make close to 400 daily information calls for credit data in less than two hours, says R. W. Kupfer, executive vice president.

Each of the automatic dialers, which are manufactured in Berlin, West Germany, by Telerapid-Telefon. G. M. C. H., and leased from the Pacific Tel. & Tel. Co., contains 50 telephone numbers which can be selected and dialed by flipping a lever. Use of operator's headset frees both hands for writing and sorting while the dialer sets up the next call.

The eight dialers are handled by the four telephone operators (picture top right) in individual calls between 10 A.M. and Noon, 90 by each operator, to obtain members' ledger experiences on their customers whose names appear on the association headquarters' daily inquiry sheet. The equipment substantially reduces fatigue and eliminates the inconvenience caused by dialing wrong numbers. It has more than paid for itself in direct savings in cost and is a promotional medium for visitors and descriptions of association services, Mr. Kupfer comments.

Two machines, 50 numbers in each, are operated by each girl with one key for opening and closing the circuit. Calls are made in any order desired. The selector lever moves along the top with choice of number on either side. A separate lever in front starts the dialing operation. The machine is portable, measures 5" x 9" x 3¼", weighs 5 to 6 pounds, stands on legs at rear to slope toward operator for easy visibility. The machine is connected to a plug.

Save Government Millions In Liquidating Loans of RFC

The Reconstruction Finance Loan Pool, which has now completed its program, saved the Government millions of dollars in administrative and servicing costs, says the central committee's final report. Twelve hundred banks cooperated to service and liquidate $73,380,860.59 in small business loans of the Reconstruction Finance Corporation, disbanded in 1954. J. P. Dreibelbis was chairman of the central committee, representing the American Bankers Association and the Association of Reserve City Bankers, to plan and carry out the liquidation of the portfolio. This organization later was incorporated into the Pool.

The participants collected $67,944,517.42 which was turned over to the Government. Only seven loans totaling $292,378.99 were returned to the RFC. In 1957 the loans remaining in the Pool were transferred to the SBA, but the banks continued to service them. On June 30th this year the remaining loans with unpaid balances totaling $1,400,000 were taken over by SBA's branches.

CALENDAR OF EVENTS IMPORTANT TO CREDIT

SANTA BARBARA, CALIFORNIA
January 21-23, 1960
Sixth Annual California Credit Management Workshop

MINNEAPOLIS, MINNESOTA
January 29 and 30, 1960
Second Annual Credit and Financial Management Seminar in cooperation with the University of Minnesota

CHICAGO, ILLINOIS
February 18-19, 1960
NACM Credit Management Workshop

SPOKANE, WASHINGTON
March 16-18
Pacific Northwest Credit Conference, including Idaho, Oregon, Washington and British Columbia

DALLAS, TEXAS
April 20-22, 1960
Annual Conference of the Southwest Petroleum Credit Association

ST. LOUIS, MISSOURI
May 15-19, 1960
64th Annual Credit Congress

ST. PAUL, MINNESOTA
September 16-17, 1960
North Central Credit Conference including Minnesota, North Dakota, Manitoba

NEW YORK, NEW YORK
September 29-30, 1960
New York Credit Management Workshop

NEW YORK, NEW YORK
October 9-12, 1960
36th Annual Conference of American Petroleum Credit Association

PHOENIX, ARIZONA
October 17-19, 1960
Annual meeting of the Secretary-Managers of the local associations of the Western Division.

DES MOINES, IOWA
October 19-21, 1960
Tri-State Credit Conference, representing Iowa, Nebraska and South Dakota.

CINCINNATI, OHIO
October 20-21
Ohio Valley Regional Credit Conference, including Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan.

SAN DIEGO, CALIFORNIA
October 20-21, 1960
Pacific Southwest Credit Conference. including California, Arizona, Utah, Colorado, Nevada

BALTIMORE, MARYLAND
October 20-22, 1960
NACM Eastern Division Credit Conference

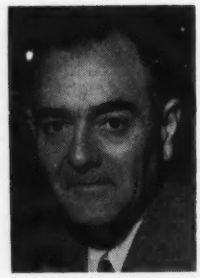
Skip-Tracers Facing Prison If Using Government Names

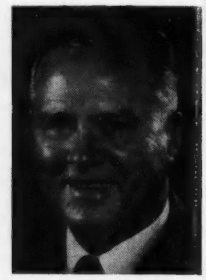
Now in effect is a new Federal law which prohibits collection or private detective agencies from using any emblem, insignia or name to convey the impression they are official government agencies. The objective of the new measure is to terminate the subterfuge used by skip-trace organizations to gather information on delinquent debtors.

Skip-tracing forms have led recipients to believe that if they fill out and return the papers they will receive from the government either an inheritance or a package "located" for them. The "inheritance" usually turns out to be 10 cents in coin or stamps, the "package" a stick of chewing gum.

Violators of the new law face a year of imprisonment or $1,000 fine, or both.

Fraud Prevention Unit Selected for Southern California


J. R. GRAMONT


G. W. SITES


F. R. DANSBY


E. F. GUEBLE


ARTHUR REESE


L. J. FORTNER

CHAIRMAN of the 1959-60 Fraud Prevention Committee of the Credit Managers Association of Southern California (Los Angeles) is J. R. Gramont, regional credit manager, Standard Oil Company of California. MEMBERS: Frank R. Dansby, vice president, Union Bank; E. F. Gueble, corporate credit manager, The Garrett Corp., assn. councillor; G. W. Sites, credit manager, The Times-Mirror Co., NACM vice president Western Division; Arthur Reese, regional credit manager, W. P. Fuller & Co. Lee J. Fortner, assn. executive vice president, is an ex-officio member.

New Textile Labeling Law To Affect Diverse Groups

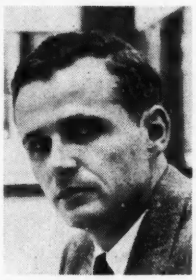
New Federal Textile Fiber Products Identification Act effective March 3, 1960, is responsible for a large flurry of activity among businesses engaged in manufacturing and selling textiles and textile products, which must make changes in their labeling, advertising and invoicing practices to conform, according to Commerce Clearing House.

V. C. EGGERDING

C. BERTSCH, JR.

Executives in the News

G. D. WECHSLER



R. B. BENNETT

R. T. O'KEEFE, JR.

L. R. NOEL

V. C. Eggerding Promoted; President NACM 1952-53

Victor C. Eggerding has been advanced to assistant treasurer and general credit manager, Crown Zellerbach Corporation. In his new position Mr. Eggerding will be based at corporate headquarters in San Francisco, reporting to H. E. Nylund, corporate treasurer, and will be responsible for the direction and administration of corporate credit policies. Mr. Eggerding has been serving as assistant treasurer and assistant secretary of the Gaylord Division of the company, at St. Louis.

Widely known for his professional and civic activities, Mr. Eggerding served as president of National Association of Credit Management 1952-53, as vice president Credit Research Foundation 1955. He began with Gaylord in 1937 as assistant general credit manager before the company became a division of Crown Zellerbach.

Only Nine Years from B.A. to Leader Michigan Credit Unit

Charles Bertsch, Jr., recently named president of NACM Western Michigan Inc., Grand Rapids, received his B.A. from Albion College in 1950, following World War II Navy service and a year at General Motors Institute, Flint. Now secretary-treasurer of Barclay, Ayers & Bertsch Company, industrial supplies, he also handles responsibilities as office and credit manager and accountant. He has earned the National Institute of Credit certificate (1952).

G. D. Wechsler Is Named by Cormac Photocopy & Affiliate

George D. Wechsler has been appointed secretary-treasurer and chief financial officer, Cormac Photocopy Corporation and its affiliated company, Cormac Chemical Corporation, New York City, it was announced by Mr. Botho Lilienthal, president of both companies.

Mr. Wechsler previously was executive vice president, treasurer and director, Budget Charge Accounts, Inc., sales finance organization. Earlier he had been treasurer-director of Ludwig Baumann Spears. About a year ago the Cormac photocopy company added the chemical unit which markets UNIBATH photographic processing solution.

Technology and Reporting Underlie Kansan's Skills

For the new president of the Wichita Association of Credit Management, Inc., analytical reporting was the whetstone that sharpened the tools provided by college study. L. R. Noel, branch financial manager, Graybar Electric Company, Inc., Wichita, was for four years with Dun & Bradstreet, and was an analytical reporter prior to going with Graybar Electric in May 1954.

Following attendance at Carnegie Institute of Technology and Missouri U., Mr. Noel was graduated from Kansas U. in 1948. The United Fund is a community activity of Mr. Noel.

R. B. Bennett, Treasurer Dow Chemical, Ex-Creditman

Robert B. Bennett has been appointed treasurer, The Dow Chemical Company, Midland, Mich. He continues to serve as assistant secretary of the company and as member of the finance committee.

Mr. Bennett began in the headquarters credit department of Dow in 1942. Following auditing and cost accounting assignments he was made credit manager of the plastics department, and in 1949 he advanced to credit manager of the company. Appointment as assistant secretary followed two years later, to assistant treasurer in 1955.

Kropp Forge Company Names R. T. O'Keefe, Jr., Chairman

Raymond T. O'Keefe, Jr., executive vice president and treasurer of Kropp Forge Company, Chicago, has been named chairman of the board, to succeed Roy A. Kropp, retired. Mr. O'Keefe began with the company in 1942 as personnel director. Earlier he had been with the United States department of justice.

Honored as "outstanding young man of Chicago" in 1947 by the Chicago Junior Association of Commerce and as "outstanding young man of Illinois" the same year, Mr. O'Keefe is the son of Jack O'Keefe, former secretary-manager of the Chicago-Midwest Credit Management Association.

Reports from the Field

MILWAUKEE, WIS.—"Significance of the Auditor's Opinion" was topic of Joseph Stoffel, of Peat, Marwick, Mitchell & Co., at the dinner meeting of Milwaukee chapter, National Institute of Credit.

PHILADELPHIA, PA.—"Modern Systems of Handling Receivables, including Automation" engaged panelists in discussion at the meeting of the Credit Men's Association of Eastern Pennsylvania, with James W. Sattazahn, credit manager, Scott Paper Co., as moderator.

SYRACUSE, N.Y.—The use of negotiable instruments in credit transactions was subject of talk by Prof. William Zelermeyer at the dinner meeting of the Syracuse Association of Credit Men. Dr. Zelermeyer is president of the American Business Law Association and author of "Legal Reasoning."

DETROIT, MICH.—"Customers Are People, Too," Milton Elert, superintendent of dealer coordination and sales training at Michigan Consolidated Gas Co., explained to members of the Detroit Association of Credit Management at their dinner meeting.

ALBANY, N.Y.—"Credit in Relationship to Sales" was subject of Mark F. Collins, assistant publisher of *The Times-Union*, at the dinner meeting of the Credit Management Association of Eastern New York.

GREEN BAY, WIS.—Brainstorming "Credit Problems", a new technique for finding answers to problems by Jack Crawford, Hardware Mutuals Insurance, Grand Rapids, featured the morning session of the 40th annual Wisconsin-Upper Michigan Credit Conference, in Menasha. "The Roaring 60's . . ?" title of afternoon panel chaired by P. M. Chiuminatto, vice president and treasurer, The Charmin Paper Products Co., Green Bay, had as panelists: S. N. Pickard, president, National Manufacturers Bank, Neenah; T. P. Hudson, president, First American State Bank, Wausau; Robert A. Gosling, treasurer, The Manitowoc Co., Manitowoc, and E. W. Below, vice president, food packaging div. Marathon Div., American Can Co., Menasha.

LOS ANGELES, CALIF.—"Revolving Credit" was subject of Phil Donovan, asst. cashier head office, California Bank, at the meeting of the Marine Suppliers Group, Credit Managers Association of Southern California. Dr. Orlo M. Brees, public relations representative, western div. National Association of Manufacturers, addressed the National Institute of Credit meeting on the subject of inflation.

WASHINGTON, D.C.—Types of insolvency proceedings were discussed by Samuel M. Greenbaum, attorney, at the dinner meeting of the Washington Association of Credit Men.

ST. PAUL, MINN.—Insurance Night program of the St. Paul Association of Credit Men had as speaker Wilson D. Sked, vice president, Marsh & McLennan, Inc., Chicago. Trade between United States and Great Britain was the topic of Eugene H. Harrison, British vice consul (commercial) at a subsequent meeting.

NEW ORLEANS, LA.—Robert M. Stephenson, assistant vice president, New Orleans branch, Federal Reserve Bank of Atlanta, discussed the Fed's role in an expanding economy, at the noon meeting of the New Orleans Credit Men's Association.

DALLAS, TEXAS—Federal tax liens was subject of talk, followed by question-and-answer period, by H. W. Axe, chief of delinquent accounts returns branch, Internal Revenue Service, at the luncheon meeting of the Dallas Association of Credit Management, Inc.

Speakers at earlier luncheon meetings included J. J. Dorgan, treasurer, Continental Oil Co., Houston; Ralph Baker, attorney-partner, Biggers, Baker, Lloyd & Carver, who discussed "Liens," and Dr. Irving Linger, financial economist, Federal Reserve Bank, who considered aspects of current economic conditions.

WATERBURY, CONN.—"Bankruptcy and Creditors' Rights" and the "Uniform Commercial Code" were topics, respectively, of Abraham Kamberg and Eugene B. Berman, of the law firm of Kamberg & Berman, at the meeting of the Waterbury Association of Credit Men.

OMAHA, NEBR.—Current and future credit techniques was theme of full-day conference jointly sponsored by the NACM Nebraska-Western Iowa Unit, the college of adult education at Omaha "U", Omaha Bankers Association and National Retail Credit Association, at the University of Omaha.

Morning session speakers and their topics: Dr. Albert Haring, Indiana "U" professor, "Innovations to Marketing as Related to Credit Practices," and Robert B. Crosby, former governor of Nebraska, "Legislative Changes Affecting Credit Practices."

"Criteria for Bank Credit," subject of afternoon panel, had as moderator Morris F. Miller, executive vice president, Omaha National Bank, and panel members: E. W. Lyman, executive vice president, U.S. National Bank; H. L. Burdick, president, Central National Bank, Columbus (Nebr.); J. W. Poynter, executive vice president, First National Bank, Kearney, and E. J. Carlson, assistant vice president, First National Bank of Omaha.

ST. LOUIS, MO.—Referee in bankruptcy Wendell P. McCray, U.S. district court, eastern district of Illinois, discussed current problems in bankruptcy at the forum meeting of the St. Louis Association of Credit Management.

PITTSBURGH, PA.—"Do You Have to Sell Customers If You Don't Want to?" asked K. W. Tibbitts, vice president, National Credit Office, New York City, and gave the answers too at the Credo luncheon meeting of The Credit Association of Western Pennsylvania.

Discussions of "Whole Dollar Accounting" by R. S. McLaren, assistant controller, Dravo Corporation, and "Purchase Orders and Contracts of Sale" by William A. Meyer, Jr., attorney, of Kountz, Fry & Meyer, featured later meetings of the association.

CINCINNATI, OHIO—"Credit in the Trucking Industry" was subject of J. E. Roelker, controller, Wilson Freight Co., Cincinnati, at the Credit Club luncheon meeting of The Cincinnati Association of Credit Management.

Subsequent meeting speakers and their topics were: Robert A. Ryan, insurance executive and attorney, who discussed "Insurance-Credit Relationship"; Mrs. E. H. Bodde, Jr., "Toastmistress Club Operations," and Abner J. Starr, of Lybrand, Ross Brothers & Montgomery, "Financial and Operating Ratios."

SEATTLE, WASH.—"Up and Atom in the Space Age" was inspirational theme of H. Leith Loder, presentation specialist, Boeing Airplane Co., at the meeting of the Seattle Association of Credit Men.